



**THE INFLUENCE OF MARKET-DRIVEN STRATEGIES AND
ACCESS TO FINANCE ON COMPETITIVE GROWTH OF
SMALL AND MEDIUM-SIZED ENTERPRISES IN SELECTED
DISTRICTS OF LESOTHO**

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The influence of market-driven strategies and access to finance on competitive growth of small and medium-sized enterprises in selected districts of Lesotho

I declare that the above thesis is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.



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26 June 2020

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DEDICATION

I, Donald Edes Osakpamwan Amadasun dedicate this thesis to:

My mama	Rev. Esther Eseosa Adagbonyin
My wife and children	Mrs. Ifueko, Osayiuwamen and Idahosa Amadasun
My parents	ASP (Rtd) Joshua Amadasun and Mrs. Caroline Osagie

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ABSTRACT

Small and medium enterprises play a significant role in the economic growth of Lesotho, however, they face low survival rates and competitive growth drawbacks. Market-driven strategies and access to finance have been identified as the major constraints hindering their survival, growth and effective operation in Lesotho. The purpose of the study was to investigate the influence of market-driven strategies and access to finance on the competitive growth of small and medium-sized enterprises in selected districts of Lesotho.

A quantitative descriptive-correlation survey approach was followed in the data collection and the analysis phases of the research study. The target population consisted of a probability sample of (N = 400) entrepreneurs in the four selected districts of Lesotho. The data was captured and analysed for descriptive statistics, convergent and discriminant validity, composite and internal reliability and correlation in order to inform the structural equation modelling (SEM). SEM was used to test the research model and hypotheses to answer the research questions. The correlation analysis revealed a positive significant relationship between the market-driven strategies and access to finance constructs and related to the competitive growth of SMEs. The regression results showed a positive and significant influence of market-driven strategies (technological dynamic and competitive intensity) and access to finance (collateral requirement and financial information access) on the competitive growth of SMEs. The structural equation modelling analysis further indicated that the equation model derived from the covariance estimates of all explanatory factors of market-driven strategies and access to finance on competitive growth were within the goodness-of-fit threshold.

The study was specific to small and medium enterprises, and the findings suggest that to address their challenges in Lesotho (i) enterprises need to be equipped with market-driven strategic (competitive intensity and technological dynamic) resources to deliver superior value to customers; and (ii) adequate policy initiatives are needed to improve enterprises' access to finance, and such should (a) focus on improving access to financial information through awareness programmes, (b) consider adequate information on policy initiatives, support programmes and financial schemes geared to support Basotho small and medium-sized enterprises access to finance, and (c) harmonise the collateral requirements by banks to ease Basotho SMEs access to adequate credit funds. In sum, the results suggest the joint implementation of market-driven strategies and access to finance as enabling resources to

assist enterprises to achieve and stay competitive in the current dynamic business environment.

Key words: Small and medium enterprises, market-driven strategies, access to finance, competitive growth and Lesotho.

OPSOMMING

Klein en medium ondernemings (KMO's) speel 'n beduidende rol in die ekonomiese groei van Lesotho. Hulle ervaar egter lae oorlewingstempo's en mededingendegroei-nadele. Markgedrewe strategieë en toegang tot finansiering is geïdentifiseer as die vernaamste beperkings in die voortbestaan, groei en doeltreffende bedryf van hierdie ondernemings in Lesotho. Die doel van die studie was om die invloed van markgedrewe strategieë en toegang tot finansiering op die mededingende groei van KMO's in bepaalde distrikte van Lesotho, te ondersoek.

'n Kwantitatiewe beskrywende-korrelasie-opname-benadering is in die data-insameling en -ontledingsfases van die navorsingsondersoek gevolg. Die teikenpopulasie het bestaan uit 'n waarskynlikheidsmonster van ($N = 400$) entrepreneurs in die vier gekose distrikte van Lesotho. Die data is vasgelê en ontleed vir beskrywende statistiek, konvergente en diskriminantgeldigheid, saamgestelde en interne betroubaarheid en korrelasie, as deel van strukturele vergelykingsmodellering, wat gebruik is om die navorsingsmodel en hipoteses te toets ten einde die navorsingsvrae te beantwoord. Die korrelasie-ontleding het 'n positiewe beduidende verwantskap tussen die volgende konsepte getoon: markgedrewe strategieë, toegang tot finansiering en die mededingende groei van KMO's. Die regressieresultate het daarop gedui dat markgedrewe strategieë (tegnologies dinamiese en mededingende intensiteit) en toegang tot finansiering (kollaterale vereiste en toegang tot finansiële inligting) 'n positiewe en beduidende invloed op die mededingende groei van KMO's het. Die strukturele vergelykingsmodelleringontleding het verder getoon dat die vergelykingsmodel afkomstig van die kovariansie-skattinge van alle verduidelikende faktore van markgedrewe strategieë en toegang tot finansiering rakende mededingende groei, binne die geskiktheidsdrumpel val.

Die studie was spesifiek oor KMO's, en die bevindinge toon dat om die struikelblokke wat in Lesotho ervaar word te bowe te kom, (i) hierdie ondernemings toegerus moet word met markgedrewe strategiese (mededingende-intensiteit en tegnologies dinamiese) hulpbronne sodat hulle voortreflike waarde aan hul klante kan bied; en (ii) voldoende beleidsinisiatiewe nodig is om die ondernemings se toegang tot finansiering te verbeter; hierdie beleidsinisiatiewe moet (a) fokus op verbetering van toegang tot finansiële inligting deur bewustheidsprogramme (b) voldoende inligting voorsien oor beleid, ondersteuningsprogramme en finansiële skemas gerig op beter toegang vir KMO's tot

finansiering, en (c) die kollaterale vereistes deur banke harmonieer om toegang deur KMO's tot toereikende kredietfondse te fasiliteer. Kortom stel die resultate die gesamentlike implementering van markgedrewe strategieë en toegang tot finansiering as instaatstellingshulpbronne voor om ondernemings te help om mededingendheid te bewerkstellig en te behou in die huidige dinamiese sakeomgewing.

Sleutelwoorde: Klein en medium ondernemings, markgedrewe strategieë, toegang tot finansiering, mededingende groei; Lesotho.

NGAMAFUPHI

Amabhizinisi amancane nasafufusa (SME) adlala indima esemqoka ekuhlumiseni umnotho wasezweni laseLesotho. Yize-kunjalo, lincane kakhulu inani lamabhizinisi asindayo futhi lincane kakhulu inani lalawo ahlumayo kwizimakethe zamabhizinisi ezincintisanayo. Amasu aqhutshwa yizimakethe kanye nokutholakala kwezimali kubonwe njengezihibhe ezinkulu ezivimba ukuphumelela, ukuhluma kanye nokusebenza kahle kwamabhizinisi eLesotho. Injongo yalesi sifundo socwaningo bekukuphenya umthelela wamasu aqhutshwa yizimakethe kanye nokutholakala kwezimali zokuhlunyiswa komnotho wama-SME ngendlela ekhonyayo kwizifunda zaseLesotho.

Indlela yesaveyi ebizwa nge-*quantitative descriptive-correlation survey* iye yalandelwa ekuqoqweni kwedatha kanye nakwizigaba zokuhlaziya kwisifundo socwaningo. Inani eliphelele labantu eliqondiwe linamasampuli wethuba lokwenzeka (*probability sample of (N = 400)*) losomabhizinisi abakwizifunda ezine ezikhethiwe zaseLesotho. Idatha iqoqiwe yahlaziywa ukwenzela amanani achazayo, i-*convergent and discriminant validity*, i-composite kanye ne-*internal reliability and correlation* ngenhloso yokuhlomisa uhlelo lwe-*structural equation modelling* ngolwazi, ulwazi olusetshenziswe ukuhlola imodeli yocwaningo kanye nehayipotesisi ukuze kuphenduleke imibuzo yocwaningo. Uhlaziyo lwe-*correlation analysis* luveze ubudlelwano obubonakalayo phakathi kwezinhloko zamasu aqhutshwa yizimakethe, ukutholakala kwezimali kanye nokuhluma ngamandla kwezomnotho kwamabhizinisi amancane nasafufusa (SMEs). Imiphumela yohlelo lwe-*regression* ikhombe amasu aqhutshwa yizimakethe (*technological dynamic and competitive intensity*) kanye nokutholakala kwezimali (*collateral requirement and financial information access*) njengezinhloko ezinomthelela omuhle nobalulekile phezu kokuhluma ngamandla komnotho wamabhizinisi asafufusayo (SMEs). Uhlelo lokuhlaziya imodeli elibizwa nge-*structural equation modelling* liqhubeke nokuveza uhlelo lwe- *equation model* olususelwe kwisilinganiso se-*covariance* sezinhloko zonke ezichazayo zamasu aqhutshwa yizimakethe kanye nokutholakala kwezimali kumnotho ohluma ngamandla wamabhizinisi amancane nasafufusa ukuthi kube ngaphakathi kohlelo lwe-*goodness-of-fit threshold*.

Ucwaningo belugxile ikakhulu kumabhizinisi aamancane nasafufusa, , kanti ulwazi olufunyenwe luphakamisa ukuthi ukuze kuqedwe izinkinga okuhlangabezana nazo eLesotho, (i) la mabhizinisi adinga ukuba ahlonyiswe ngamasu aqhutshwa yimithombo yezimakethe (*competitive intensity and technological dynamic*) ngenhloso yokuletha izinga

eliphezulu lomkhiqizo kumakhasimende; kanti (ii) kudinga imizamo yemigomo eyanele ukuthuthukisa izinga lokutholakala kwezimali ngamabhizinisi; le mizamo yomgomo kufanele (a) igxile ekuthuthukiseni izinga lokutholakala kolwazi lwezimali ngokusebenzisa izinhlelo zokwexwayisa, (b) ukunikeza ulwazi olwanele olumayelana nezomgomo, nezinhlelo zokuxhasa kanye nezikhwama zezimali ezihlelwe ukuthuthukisa ukuthuthukisa uhlelo lizinga lokutholakala kwezimali ngamabhizinisi amancane nasafufusa, kanti futhi (c) ukuhlanganisa ndawonye izimfuno ezifanayo ngamabhange ukwenzela ukulungisa uhlelo olusiza ukunikezwa kwamabhizinisi amancane nasafufusa izikweletu zemali eyanele. Sekukonke nje, imiphumela iphakamisa ukuthi kube nohlelo oluhlanganyelwe lokusetshenziswa kwamasu aqhutshwa yizimakethe kanye nokutholakala kwezimali ezinceda imithombo ukuthi incede amabhizinisi ekufinyeleleni izinhloso kanye nokugcina ummoya wokuncintisana kwisizinda samanje sezebhizinisi.

Amagama asemqoka: Amabhizinisi amancane nasafufusa, amasu aqhutshwa yizimakethe, ukutholakala kwezimali, ukuhluma ngamandla.

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ABBREVIATIONS & ACRONYMS

The following abbreviations or acronyms are used throughout the thesis:

AGFI	Adjusted Goodness-of-Fit Index
ANOVA	Analysis of Variance
ATM	Automatic Teller Machine
BEDCO	Basotho Enterprises Development Cooperative
CEM	Customer Experience Management
CFI	Comparative Fit Index
EBI	Egyptian Banking Institute
EFA	Exploratory Factor Analysis
EU	European Union
GDP	Gross Domestic Product
GFI	Goodness-of Fit-Index
GMI	Global Market Institute
GOF	Goodness-of-Fit
GoL	Government of Lesotho
INDF	Interim National Development Framework
KMO	Kaiser-Meyer Olkin
MLE	Maximum Likelihood Estimation
MSME	Micro, Small and Medium Enterprises
NFI	Normed Fit Index
NNFI	Non-Normed Fit Index
PGFI	Parsimony Goodness-of-Fit Index
PNFI	Parsimony Normed Fit Index

PRSP	Poverty Reduction Strategic Programme
RBT	Resource-based Theory
RBV	Resource-based View
RMSEA	Root Mean Square Error and Approximation
RMSR	Root Mean Square Approximation
RNI	Relative Non-centrality Index
SEM	Structural Equation Model
SME	Small and Medium Enterprise
SMEDAN	Small and Medium Enterprise Development Agency of Nigeria
SPSS	Statistical Package for Social Sciences
SRMR	Standardised Root Mean Residual
TLI	Tucker Lewis Index
VIF	Variance Inflation Factor

CHAPTER 1:

STUDY OVERVIEW

1.1 INTRODUCTION

This study focuses on Small and Medium Enterprises (SMEs) in selected districts of Lesotho. The study rests on an understanding of the following constructs: 'market-driven strategies', measured by strategic factors such as market orientation (MO), entrepreneurial marketing (EM), competitive intensity (COMPINT) and technological dynamics (TECHDYN); 'access to finance', measured by factors such as financial information access (FIA), bank and business support services (Bbss), structure of bank (SoB) and collateral requirement (COLLATA) in SMEs. The study is to determine to what extent market-driven strategies and access to finance predict the competitive growth of SMEs in selected districts of Lesotho.

In this study the owner or owners will be referred to as the entrepreneur or entrepreneurs, and staff who act on behalf of the entrepreneur or entrepreneurs will be referred to as manager or managers. The study considers SME businesses as enterprises.

This chapter provides a discussion of the background orientation to the study, with an overview of key concepts prior to the in-depth review in Chapter 3. This is sequentially followed by a discussion of the context of the study, problem statement, research objectives, research questions, assumptions of the study, scope of the study, methodological summary, rationale of the study, significance of the study, and limitations of the study. The chapter concludes with an outline of the chapters in the study. The background of this study begins with an overview of the key concepts relevant to market-driven strategies.

1.2 BACKGROUND TO THE STUDY

1.2.1 Overview of market-driven strategies

The term 'market-driven strategies' relates to the process of creating superior customer value, which drives the enterprise's strategy to attain significant competitive growth. According to Halliru (2016:14) Sabai-Khin, Ahmad and Ramayah (2012:744), and Kotler (2009), market-driven strategies in entrepreneurship essentially hinge on

the market-driven constructs that understand, respond and deliver satisfaction more effectively and efficiently than that of competing enterprises. In this study, the term 'market-driven strategy' is defined as the process that allows the enterprise's commercialisation process to be effective and efficient through market orientation, entrepreneurial marketing, and competitive and technological capabilities that satisfy the target market.

Reviewing the term 'market orientation', Boso, Oghazi, Cadigan and Story (2016) opined that market orientation refers to market-driven strategic resources that enable enterprises to respond and deliver unique satisfaction to their target markets. Jones and Rowley (2011:26) conceptualised the following as market orientation constructs, namely, entrepreneurship orientation, customer orientation, and innovation orientation. These are facets of market orientation which drive an enterprise's market growth.

The aforementioned facets are important to the current study, and in Chapter 3 they will be discussed in terms of SMEs, as critical concepts related to market orientation that equip entrepreneurs with the market information needed to attain high levels of operation in the market environment. As sub-sets of market orientation, they are perceived to offer useful information to the entrepreneurs in their continuous search for attractive markets, efforts to determine customers' needs, and to develop products and services through strategies that meet the needs of the target market.

Entrepreneurs or managers of enterprises developing market-driven strategic information focused on the enterprise, require an entrepreneurial marketing approach that specifically focuses on the SME to effectively function in the market environment. According to Kurgun (2011), entrepreneurial marketing (EM) refers to the process that allows for exploring strategic behaviours to better predict when new products can be introduced to the market, and thereby to gain higher patronage than competing enterprises. Entrepreneurship in SMEs may be effective if customer relationship and engagement and customer satisfaction are hinge prospects in the practice of entrepreneurial marketing in the enterprises. In this study entrepreneurial marketing represents a market-driven strategic tool that assists SMEs in the process of entrepreneurial behaviours and attitudes that are aimed at developing timely marketing tactics and strategies to meet customers' brand preferences.

In the last two decades the business environment has continued to witness a high degree of intensity and contest that most SMEs have to contend with. SMEs are expected to manoeuvre with competitive intensity strategies to attain competitive growth. The enterprise's competitive intensity lies in its capacity of understanding customers' desire for brands, and ability to finding inimitable and differentiable brand positions to satisfy the target customers' preferences.

With this view in mind, the capability of the entrepreneur's market responsiveness will further, and significantly, be determined by the enterprise's technological capacity to respond to market upheavals. The term 'technological dynamics' represents the SME market's responsive capacities in terms of technological innovation that radically influences new-to-market products and technologies to satisfy the ever-changing market preferences.

This study considers the market-driven strategic constructs of market orientation, entrepreneurial marketing, competitive intensity and technological dynamics as concepts that can provide SMEs with strategic market information to significantly influence the enterprises' competitive growth. This is because market-driven strategic constructs (market orientation, entrepreneurial marketing, competitive intensity and technological dynamics) suggest core market resources the enterprises need to significantly harness and constantly meet target market desires in the new hypercompetitive business environment.

There were several reasons for exploring market orientation, entrepreneurial marketing, competitive intensity and technological dynamics as the specific constructs of market-driven strategies in the current study. The relevance of the four constructs to market-driven strategies could offer SMEs a solution to their continuous search for attractive markets, assist them to determine customers' needs, and increase their capacity to develop goods or services that satisfy the target market needs. Each of these constructs (market orientation, entrepreneurial marketing, competitive intensity and technological dynamics) will be discussed specifically in relation to the SMEs scenario in the literature because they seem specific to market realities. Such, that as entrepreneurs or managers develop market-oriented entrepreneurial information, the capability to secure a market position and effectively manoeuvre its market-oriented activities to ultimately, attain competitive growth, suggests the constructs should be regarded as critical factors of market-driven strategies.

This study further argues that although market-driven strategies could have a significant influence on SMEs' competitive growth, this growth could be constrained by credit crises as explained by enterprises' access to finance from banks. Applying market-driven strategies in the dynamic modern business place involves costs. For example, constantly offering new goods and services to target market, and acquiring the capacity to enhance new prospects and to exploit current ones more proficiently than competitors, all involve finance. The SMEs' capacity to process, implement new business models, create new markets, and achieve rapid growth are costly, such may require access to finance.

1.2.2 Overview of access to finance

According to Mazanai and Fatoki (2012), access to finance is one major challenge that is impeding SMEs' competitive growth in many developing countries. Studies have indicated various factors that constrain SMEs' access to finance (Bhalla & Kaur, 2012; Harvie, 2011; Osano & Languitane, 2016). In this study access to finance is defined as the constraints SMEs face in accessing the needed credit to respond to effective market operation, and attain competitive growth. These constraints are specific to and considered as financial information access, bank and business support services, structure of bank and collateral requirement by banks, and are used to measure access to finance in this study.

In this study (as discussed in Section 1.1), a combined study is needed to analyse how the factors (financial information, structure of bank, bank and business support services and collateral requirement) influence access to finance, and to determine its effect on the competitive growth of SMEs.

According to Osano and Languitane (2016), the availability and flow of information in the financial market is important for both SMEs and financial providers. For example, it is crucial for SMEs to know potential loan providers. It is also important that the financial providers are equip with adequate information to be able to determine the potential risks related with lending to SMEs. Where the lenders (banks) do not have adequate information on the clients' (SMEs) solvency capacity, such an information gap exacerbates the information asymmetry between banks and the SMEs, as explained in the credit rationing theory (CRT) (Stiglitz & Weiss, 1981).

This is further exacerbated where there is low competition in the financial market, as the structure of the bank influences SMEs' access to finance (Osano & Languitone, 2016). Competition in the banking sector influences the cost of financial services and the price of products. Low competition in the financial market may impact on the costs and prices of products offered to most SMEs. The implication of low competition in the banking industry has a significant influence on most SMEs' access to the needed finance (Osano & Languitone, 2016). This probably causes banks to become selective about the SME loan applicants which they consider to be risky borrowers.

The selective measures by banks against borrowers may continue to exclude many SMEs from the financial mainstream, because many of the enterprises lack access to adequate enabling business support, either from the government or designated agencies. This affects their competitive operation and makes them unattractive for bank loans. To control the demand for credit funds from SMEs, banks insist on collateral, which must be equal to the amount of credit being extended. This results in most SMEs being denied access to needed finance from the financial market (Kihimbo, Ayoko & Omoka, 2012; Lee, Sameen & Cowling, 2014). Each of these finance constructs (financial informational access, structure of bank, bank and business support services and collateral requirement) will be discussed in detail as related to SMEs, in Chapter 3 because they are considered as specific measure of access to finance in market realities in this study.

In the last two decades, the business environment has continued to rapidly evolve, creating uncertainty for less market-driven strategic SMEs. While many market-driven strategic SMEs may have continued to favourably compete by improving on innovations of the goods or services being delivered to their target market, the influence of access to finance may have negatively impacted on product innovations and delivery to meet customers' expectation.

This study argues that the challenges being experienced by SMEs as a result of market-driven strategies and access to needed finance could explain the constraints in attaining competitive growth. This invariably suggests that the majority of SMEs could harness market-driven strategies, especially when they have access to needed finance to effectively maintain their business operations and attain competitive growth (or *vice versa*). Investigation is needed to establish the extent market-driven strategies and access to finance predict the competitive growth of SMEs in Lesotho.

1.2.3 Overview of competitive growth of SMEs

According to Belaynesh (2014), competitive growth is a fundamental criteria measure that includes: autonomy, independence and effectively managing the enterprise's future. In the entrepreneurship literature, the enterprise's competitive growth is defined in relation to pecuniary measures, trade, and commerce, and this, consists of turnover, outputs, profitability, employee turnover rates, and asset returns (Matharu, Changle and Chowdhury, 2016). There is the non-pecuniary measurement criteria, for example, customers' utility, satisfaction, entrepreneurs' growth and success in competitive performance (Matharu *et al.*, 2016). Pongpearchan (2016) defines 'SMEs competitive growth' as the acceptance of the customers' opinion about the enterprise being a proficient, innovative and expert enterprise that has consistently increased its market share, has high innovative practices in operation, maintains productivity, has increased staff retention, and consistently increases sales growth and profitability.

Hibbler-Britt (2016) and Hussain, Rahman & Shah, (2016) define the enterprise's competitive growth from the perspective of competitive advantage factors, which require constant monitoring and adjustments to suit the SME's dynamics. These factors include skills, tasks and behaviour orientations that influence the entrepreneur's competitive growth. In this study, competitive growth is seen as the process whereby the enterprise is effective at maintaining a synergic correlation between various market-based capacities (constructs), and enabling finance resources to attain significant growth. Competitive growth of SMEs will be seen to encompass the following criteria that enterprises must have:

- Have been in existence for at least two years;
- Attained greater customer satisfaction through the quality products/services on offer;
- Attained greater customer retention;
- Growth in employee capacity; and
- Have shown growth in returns and profitability over the preceding two years.

In this study the key focus of SMEs' competitive growth anchors on the entrepreneurs or managers capabilities to exhibit market-driven strategies with access to finance (less constraint of financial information access, bank and business support services

and collateral requirement) such that they are able to effectively and efficiently operate market concepts such as market orientation, entrepreneurial marketing, competitive intensity and technological dynamics to attain significant growth.

A preliminary survey review shows the following gaps in SME strategic literature:

- (i) To the best of the researcher's knowledge, there are no research studies in the Lesotho database that are specific to the four constructs (market orientation, entrepreneurial marketing, competitive intensity and technological dynamics) that were investigated as the core factors of SME' market-driven strategies to attain competitive growth.
- (ii) Most market-driven related studies have focused on corporate businesses (Asikhia, 2010; Halliru, 2016; Lee & Kim, 2014; Valentini, 2012), and are not specific to Lesotho, while other authors in market orientation literature (Kraus, Rigtering, Hughes & Hosman, 2012; Kumar, Jones, Venkatesan & Leone, 2011; Liao & Rice, 2010; Raju, Lonial & Crum, 2011; Reza & Tajeddini, 2011) did not consider entrepreneurial marketing, competitive intensity and technological dynamics as constructs that could play an important roles in SMEs' market-driven strategies to influence enterprises competitive growth.
- (iii) To the best of the researcher's knowledge, most of the studies that have been conducted on SMEs' access to finance in Lesotho (Makhetha & Sebolelo, 2015; Mokoatleng, 2015; Amadasun, 2013; GoL, 2008) did not consider core factors, such as financial information access, bank and business support services and structure of bank, as constraints to SMEs' access to finance.

From the entrepreneurship literature review, it seems that the majority of studies on SMEs have focused on the access to finance constraint as one of the reasons for most SME failure in many developing countries (Mazanai & Fatoki, 2012; Osano & Languitone, 2016; Machmud & Huda, 2011; El-Said, Al-Said & Zaki, 2015; Abor, Agloyor & Kuipo, 2014; Harvie, 2011), but this study extends the view that access to finance alone is not enough to grow the SMEs sustainably and to enable them to attain and remain competitive against competing enterprises. Rather, the market-driven strategies and access to finance nexus is probably a better alternative to drive competitive growth.

This study seeks to employ an objective approach to analyse the influence of market-driven strategies and access to finance that drive the competitive growth of SMEs in Lesotho. This study argues that, given the current challenges that SMEs face in Lesotho, it is probably difficult for the enterprises to harness and optimise competitive growth without market-driven strategies and access to finance factors.

1.3 CONTEXT OF THE STUDY

The Kingdom of Lesotho is a small, predominantly mountainous country of about 2.26 million people with an average altitude of more than 1600 m above sea level (GoL, 2012:12; 2013; 2018). It covers approximately 30 350 square kilometres, completely bordered by the Republic of South Africa, and is endowed with limited natural resources (GoL, 2010; 2017). World Bank (2012; 2015) studies have indicated that only one quarter of the land consists of lowlands and the rest is highlands. Lesotho has a rugged terrain and unfavourable climatic conditions that hardly favour different forms and adequate agricultural production. According to World Bank (2015) reports, more than 90% of Lesotho's population in the highlands rely on agricultural activities as their main means of survival. Food insecurity is intense, as the country has regularly suffered from drought and famine in the past two decades, and this has led to Lesotho's reliance on donors for its food security (World Bank, 2015).

Lesotho remains a least developed country according to international rankings (GoL 2010). Although recent study regards it as a lower-middle income country (World Bank, 2014), Lesotho still falls amongst the 50 poorest countries of the world (World Bank 2014; 2013). The national statistics shows that nearly two-thirds of the Basotho population of Lesotho (the Basotho are the inhabitants of Lesotho) live below the poverty line, and though literate, the largely unskilled labour force represents the main national resource, and as a result, inequality levels are unacceptably high (GoL, 2013; 2012).

Since its independence on 4 October 1966, Lesotho has employed various national development plans, such as the National Strategic Development Plan (NSDP), which covered the fiscal years 2012/13 to 2016/17. The Poverty Reduction Strategic Programme (PRSP) and the Interim National Development Framework (INDF) were implemented to articulate national policies, and the plans have consistently been to stimulate economic growth and to improve the livelihood of the Basotho people (GoL,

2012). Even though Lesotho has recorded a real annual average domestic product growth rate of 4.2% since the 1980s (GoL, 2012), the record indicates that such growth has only attracted foreign business participation in the Lesotho business environment from Asia and South Africa (GoL, 2014; 2013; 2008).

Though the phenomenon shows improved performance in the economy aggregates, it is yet to be reflected in the competitiveness and growth of Basotho SMEs (GoL, 2012; 2016). Some reports of the government of Lesotho show that SMEs continue to make a significant contribution to the Lesotho economy, particularly in the area of job creation and economic growth (GoL, 2016; 2017). According to Khaose, Derera, McArthur & Ndayizigamiye (2016) the SME sector contributes 40% to the gross domestic product (GDP) and create 24% of the employment to Lesotho. Yet they continue to face constraints of survival and competitive growth challenges. This competitive growth challenges seems to be skewed to issues that relate to market-driven strategies and access to finance. This is because most Basotho SMEs seem to be unable to compete with their Asian and South African counterparts in the delivery of market preferences to their target market in Lesotho.

Although the definitions of SMEs still remain an issue peculiar to different countries, SMEs categorisations are distinct to different economies and organisations (Yeasmin, 2016). For example, the European Union (EU) defines SMEs as enterprises that employ under 250 employees and which have annual sale returns below €50 million, and/or a yearly balance sheet total of not more than €43 million (EU, 2012). In Sub-Saharan African countries, the definitions of SMEs are specific to different economies. Entrepreneurship literature indicates that all the different definitions of SMEs generally refer to the number of employees and turnover in the balance sheet (Abor *et al.*, 2014:98; Mazanai & Fatoki, 2012:58; Aminu & Shariff, 2015; Bouri, Breij, Diop, Kemper & Stevenson, 2011:4).

In Lesotho, which is the context of this study, the categorisation of small enterprises is based on the number of employees. Enterprises that employ six to 50 people are categorised as SMEs (GoL, 2016:5).

Although the importance of market-driven strategies cannot be overemphasised as a strategic resource for SME growth, an enabling resource, such as access to finance

(ATF), could act as a complementary operational tangible resource that complements the aforementioned to drive Basotho enterprises to significant growth.

A recent study conducted by the EU (2012:4) in Lesotho confirms that access to finance is extremely problematic for locally-owned private SMEs. A survey carried out by the EU (GoL, 2012) for the Ministry of Trade in Lesotho, revealed the difficult access to credit funds as a barrier for SMEs. According to the study, 71% of small enterprises (six to 20 employees, including the entrepreneur) and 56% of medium enterprises (21 to 50 employees) indicated constraints in access to bank credit. The factors that were said to constrain the SMEs' access to finance were: high interest rates and lack of appropriate collateral, as indicated by 89% and 86% of the respondents, respectively. The phenomenon of 'discouraged borrowers' is high, as issues attributed to socio-economic, institutional and demographic factors exacerbate many SME entrepreneurs from qualifying for credit in Lesotho.

Some records indicate that there have been resources distribution to different enterprises, the largest share of the total credit that was extended to enterprises went to large manufacturing enterprises, followed by community, personal and social services, after which followed, wholesale, retail, hotel and restaurant, and finally, construction (World Bank, 2014; GoL, 2014, 2013, 2012). According to GoL (2013) the total credit extension to enterprises showed the SME sector to be less of a priority when allocating financial resources, and this appears to be contradictory to the perception that SMEs contribute relatively to the Lesotho economy.

A comprehensive country review conducted as part of the African Peer Review Mechanism, established that Lesotho in 2010 and 2012 made considerable progress in many areas, including the growth of new productive sectors, such as manufacturing and mining, and showed significant increases in trade/exports and the development of infrastructure (GoL, 2013). Lesotho has also achieved broad-based and reasonable economic growth and employment generation, resulting in long-term reduction in poverty (GoL, 2014).

According to GoL (2017), Lesotho has shown some progress towards economic emancipation and development, but it is yet to fully escape poverty. Lesotho is still a Least Developed Country (LDC) with a per capita income of approximately \$1361 (GoL, 2017). Though located in the centre of the most sophisticated economy on the

African continent, South Africa, Lesotho is yet to take full advantage of its opportunities to promote its enterprises, especially the SMEs that contribute significantly to its economy.

According to the Government of Lesotho (GoL, 2016), there are ten districts (Berea, Butha-Buthe, Leribe, Mafeteng, Maseru, Mochale-Hoek, Mochholong, Qachas-Nek, Quthing and Thaba-Tseka) that make up Lesotho. Records indicate that the number of small and medium-sized enterprises is relatively higher in Butha-Buthe and Leribe in the north, Mafeteng in the south, and in Maseru, the capital of Lesotho, if compared to the other six districts (GoL, 2016). This could be attributed to the fact that Leribe, Mafeteng and Maseru are industrial districts, and Butha-Buthe is near Leribe and it is bordered by Fouriesburg, a town in South Africa.

This study argues that; firstly, when SMEs build their market-driven strategies, such will enhance their competitive growth. Secondly, when SMEs have access to finance, their enterprises could attain competitive growth. Thirdly, the nexus of market-driven strategies and finance access could drive its competitive growth. In fact, studies have separately established in parts that market-driven constructs and credit extension are important drivers of SMEs growth, and countries that have showed faster growth tend to have adequate market-driven strategic resources and bank credit directed to SMEs (Halliru, 2016; Muthee & Ngugi, 2014; Kremp & Sevestre, 2013). This study therefore seeks to establish that market-driven strategies and access to finance (factors) in SMEs could influence their competitive growth (as discussed in Section 1.2).

1.4 PROBLEM STATEMENT

Economic growth in Lesotho has been relatively low in the past two decades, at below 3% (GoL 2018). The low economic growth has exacerbated unemployment during these periods (1991 to 2017) averaged at 31.26% unemployment (GoL, 2017). As a result, about a million of the Lesotho population (57.1%) live below the national poverty line of 138 Maloti (approximately 8.98 USD) per adult per month (GoL, 2017:5). The proportion of poor people has showed an increase from 29.1% to about 35% between the period from 2002/03 to 2014/15 (GoL, 2017:5). To address the crisis, the Lesotho government has recognised SMEs as one of the most important sectors that could potentially and significantly address the economic challenges. It has also recognised

that the SMEs sector needs enabling new market strategies to be able to influence the slow economic growth in Lesotho.

In efforts to address some of these challenges, the government has made some strategic moves to empower SMEs, for example, the establishment of the One-Stop Business Facilitation Centre (OBFC), the Department of Small Enterprise and Cooperative Facilitation Unit, now known as the Ministry of Small Business Development, Cooperatives and Marketing (MSBDCM), and the Basotho Enterprise Development Cooperative (BEDCO). Ironically, to the best knowledge of the researcher, no adequate provision of market operational resources (such as market-driven strategies) have focused on Basotho SMEs to increase their market-driven strategic capacity, not even in the current Lesotho NSDP of 2012/13 – 2016/17.

Although the SME sector is seen to play a significant role in influencing positive economic growth, most Basotho enterprises face the challenges of low productivity, poor quality products, and limited growth that lead to incompetitiveness (GoL, 2017). For that reason, the application of market-driven strategies is suggested as a critical construct in entrepreneurship management that focuses on the entrepreneur or manager's ability to understand and effectively and efficiently deliver superior satisfaction to the target market.

The construct of market-driven strategies demands that the entrepreneur or manager be equipped with unique, effective and efficient market resources to face various market challenges in the dynamic market environment. This suggests that adopting a market-driven strategic approach could influence the SMEs' effective operation in a dynamic business market, such as in Lesotho, *vis-a-vis* with the four concepts (market orientation, entrepreneurial marketing, competitive intensity and technological dynamic) as facets of market-driven strategies to attain growth, the entrepreneurship literature (Mazanai & Fatoki, 2012; Osano & Languitane, 2016) has mentioned that the challenges faced by SMEs have further been associated with issues related to access to finance. In Lesotho, a Government of Lesotho (GoL, 2016) study indicated that the difficulty in accessing finance has caused a high failure rate in SMEs. This could suggest that most local SMEs (Basotho-owned and operated SMEs) suffer from severe market ineffectiveness, business ineptness, and various other setbacks in the market environment due to their inability to access the needed loan from banks.

Evidence currently indicates that the number of SMEs in Lesotho has decreased by 39.15%, from 125 000 in 2010 to 76 067 in 2016 (GoL, 2016:10). Records also show that most Lesotho (Basotho) SMEs fail within their first five years of existence, a minor percentage survive from six to ten years, while less than 10% survive, thrive, and attain substantial growth (EU, 2012:3; World Bank, 2013; Mokoatleng, 2015; Makhetha & Sebolelo 2015:25).

Since access to finance plays a major role in the SMEs' ability to operate effectively and achieve rapid growth (Osano & Languitane, 2016; Bhalla & Kaur, 2012 and Mazanai & Fatoki, 2012), this study considers the four core constructs, namely, financial information access, bank and business support services, structure of bank and collateral requirement, as dimensions that influence the SMEs' access to finance in order to attain competitive growth in Lesotho. To the best of the researcher's knowledge, hardly any study has considered the four core constructs as joint factors that constrain SMEs' access to finance in the Lesotho context. The study argues that these four factors form the gauge to measure the critical SMEs' access to finance from banks which constrain enterprises competitive growth.

This study further argues that due to the perennial fight for survival and market challenges SMEs face in the highly dynamic business environment, SMEs may require the complementarity of a market-driven strategic approach and access to finance to operate strategically.

In an effort to address the perennial challenges SMEs face in Lesotho, the study suggests that capability from entrepreneurs or managers may require specific concepts, such as market orientation, entrepreneurial marketing, competitive intensity and technological dynamics as facets of market-driven strategies, and financial information access, bank and business support services, structure of bank and collateral requirement, as factors of access to finance to attain competitive growth. This suggests that the complementarity of market-driven strategies and access to finance could influence the enterprise's capacity in exploring and utilising market concept, and ultimately, create superior value for the target market to attain competitive growth.

The entrepreneurship literature review indicates that there is limited understanding and also among local SMEs regarding market-driven strategies and its constructs,

access to finance and its factors influence on competitive growth of SMEs in Lesotho. To the best of the researcher's knowledge, no study has linked these variables (with the measures market-driven strategies-access to finance relationship that influences the competitive growth of SMEs) in the context of SMEs in Lesotho.

This study intends to throw more lights on specific market-driven strategic factors and access to finance of SMEs, and such could add to the current knowledge of the survival problems, which could enable them to attain competitive growth. It is hoped that this study will enable a better understanding of market-driven strategies, access to finance and their constructs, in SME to attain competitive growth in the Lesotho context. The responses from entrepreneurs and managers in the market base will assist in unravelling the complex issues that impinge on SMEs' market efficiency in Lesotho's SME sector.

1.5 RESEARCH QUESTIONS UNDER INVESTIGATION

1.5.1 Aim of the study

The aim of this study is to investigate the influence of market-driven strategies and access to finance on the competitive growth of SMEs in selected districts of Lesotho.

1.5.2 Research questions

The following research questions were derived from the aim of this study:

- Question 1: What are the structural factors and reliability of the relevant variables of market-driven strategies and access to finance of SMEs in the selected districts of Lesotho?
- Question 2: What is the nature of the statistical interrelationship between market-driven strategies, access to finance and the competitive growth-related factors, as manifested in SMEs in the selected districts of Lesotho?
- Question 3: To what extent do market-driven strategies and access to finance predict competitive growth of SMEs in the selected districts of Lesotho? and
- Question 4: Is there a good fit between the theoretically hypothesised framework and the empirically manifested structural model?

1.6 RESEARCH OBJECTIVES

The primary aim of this study is to investigate the influence of market-driven strategies and access to finance on the competitive growth of SMEs in selected districts of Lesotho.

1.6.1 Secondary research objectives

The study set the following secondary objectives:

- Objective 1: To determine the structural factors and reliability of the relevant variables of market-driven strategies and access to finance of SMEs in the selected districts of Lesotho;
- Objective 2: To determine the interrelationship between market-driven strategies, access to finance and the competitive growth of SME in the selected districts of Lesotho;
- Objective 3: To determine the extent market-driven strategies and access to finance predict the competitive growth of SMEs in the selected districts of Lesotho; and
- Objective 4: To determine if there a good fit between the theoretically hypothesised framework and the empirically manifested structural model?

To summarise, the researcher assumes that the 'influence' that each construct or constructs have on the dependent variable determines their effect on SMEs' competitive growth. It also anticipates that the influence of the relationship between the constructs (market-driven strategies and access to finance) may affect the level of competitive growth in the SMEs, and this will be based on the results obtained from the survey. This means the higher the level of agreement in each independent construct, the more likely the influence of the dependent variable on the outcome.

1.6.2 Assumptions of the study

The research study has made the following assumptions based on a preliminary review of the literature on SMEs in Lesotho and analysis reports by various studies (World Bank, 2012; GoL, 2017, 2016, 2014, 2013, 2008; Makhetha & Sebolelo, 2015):

- The lack of market-driven strategies may be major factors for the failure of SMEs in Lesotho.

- The market-driven strategic initiatives of Basotho SMEs are inadequate to influence enterprises competitive growth in Lesotho.
- Inadequate access to finance is seen as a critical constraint to Basotho SMEs and it affects their market-driven strategic capacities in attaining competitive growth in Lesotho.
- The Asian and South African SMEs' entrepreneurs and managers have access to financial credit and this may have given them a competitive leverage over the local Basotho SMEs.
- The foreign SMEs' entrepreneurs or managers are likely exploring and exploiting new market niches and opportunities that are market-driven strategic, and which the Basotho SMEs entrepreneurs or managers may have ignored in Lesotho.

Responses from the respondents in the survey, namely, the entrepreneurs and managers of SMEs, provided tangible information towards achieving the study objectives and goals. The districts surveyed covered well-represented locations that provided this study with a better opportunity to make an empirical generalisation to the SME sector.

1.7 SCOPE OF THE STUDY

This study was restricted to formal SMEs in Lesotho, particularly Basotho- and non-Basotho- (other African) operated SMEs. This means that only SMEs registered with the previous Ministry of Trade and Industry, which now falls under the Ministry of Small Business Development, Cooperatives and Marketing were included in the study.

The study did not include micro and informal survivalist unregistered businesses, which actually constitute 82% of the micro, small and medium enterprises sector in Lesotho (GoL, 2016:10). The study did not try to approximate the proportion of formal to informal enterprises in Lesotho as a whole. This leaves out a very large proportion of non-market-driven-related issues and immediate survivalist issues, including a shortage of customers and inadequate makeshift places of business.

It was significant to focus on the market-related issues of these formal enterprises that have the potential for market growth, and comply with a range of enterprise reforms that enable the development of policy recommendations. This indicates that policy

recommendations may very well mean that the findings may be generalised to the 18% of the SME sector in Lesotho.

The criterion used to choose SMEs in the four selected districts of Lesotho was based on GoL (2016) report as indicated in section 1.3. The measure used to describe SMEs in Lesotho is based on the number of employees in the enterprise, and as such, is unique to it. In line with this criterion, an SME enterprise was included in the study on the basis that:

- It is registered with the Ministry of Small Business Development, Cooperatives and Marketing;
- It has been established and has been in operation for a minimum of two years;
- The enterprise is private-owned and falls under the manufacturing, trading, construction, service, tourism and leisure sectors; and
- The enterprise is not located in the Government Corporation or education.

These benchmarks were set because most micro enterprises are not registered with the Ministry of Small Business Development, Cooperatives and Marketing, and they operate as informal businesses. The period of two years in operation was set for an enterprise to determine if it has experienced growth in profit during this period (Bassell & Friedman, 2016:99; Histrich, Peters & Shepherd, 2010:402; Nieuwenhuizen, 2014). Enterprises in education were not included, as they operate under high government regulations, and government corporations were also excluded, as they are not entrepreneurially-driven.

The next section provides a summary of the methodology employed in the study.

1.8 METHODOLOGICAL SUMMARY

Chapter 4 of this study focuses on the important aspects of the research methodology. The research philosophy of this study was post-positivistic, and the paradigm as a worldview is discussed. In line with the aforementioned, the quantitative method was used as the suitable approach to answer the research questions of the study. This is justified and discussed in detail in the research approach, research design and methodological choice sections. The research methods, which included a pilot study, research site, population and sample, research tool, and data analysis are justified

and discussed. The limitation of the quantitative method, ethical issues and clearance of the study are explained in the methodological sequence detailed in Chapter 4 of this study.

1.9 ANALYSIS SUMMARY

Chapter 5 presents the results obtained from the analysis of the data obtained from the structured questionnaire used as part of the survey technique. The data was collected from the 400 SME entrepreneurs and managers in the districts Butha-Buthe, Leribe, Mafeteng and Maseru. The results are discussed in line with the objectives of the study. The responses gained were analysed using descriptive statistics, factor analysis, Spearman's correlation matrix and regression analysis.

This was followed by the structural equation modelling (SEM) results which explained the relationship between multiple factors of market-driven strategies and access to finance (market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, bank and business support services and collateral requirement), while at the same time allowing the researcher to use latent variables to represent some concepts more accurately (Hair *et al.*, 2010). The results obtained from the SEM models proved that the aforementioned eight factors of market-driven strategies and access to finance be hypothesised (see Section 5.9 of the analysis chapter). Eight factors of market-driven strategies and access to finance are hypothesised to ascertain their influence on SMEs' competitive growth in the Lesotho context.

Market-driven strategies and access to finance: eight hypotheses (path) were tested, namely:

Hypothesis 1:

H₀: Factor 1 technological dynamics and collateral requirement (TECHDYN & COLLATA) has no statistically significant influence on competitive growth.

H_a: Factor 1 technological dynamics and collateral requirement (TECHDYN & COLLATA) has a statistically significant influence on competitive growth.

Hypothesis 2:

H₀: Factor 2 structure of bank (SoB) has no statistically significant influence on competitive growth.

H_a: Factor 2 structure of bank (SoB) has a statistically significant influence on competitive growth.

Hypothesis 3:

H₀: Factor 3 financial information access and competitive intensity 1-2 (FIA & COMPINT 1-2) has no statistically significant influence on competitive growth.

H_a: Factor 3 financial information access and competitive intensity 1-2 (FIA & COMPINT 1-2) has a statistically significant influence on competitive growth.

Hypothesis 4:

H₀: Factor 4 bank and business support services and competitive intensity 3-4 (Bbss & COMPINT 3-4) has no statistically significant influence on competitive growth.

H_a: Factor 4 bank and business support services and competitive intensity 3-4 (Bbss & COMPINT 3-4) has a statistically significant influence on competitive growth.

Hypothesis 5:

H₀: Factor 5 market orientation (MO1 to MO3 & MO7 to MO 9) has no statistically significant influence on competitive growth.

H_a: Factor 5 market orientation (MO1 to MO3 & MO7 to MO 9) has a statistically significant influence on competitive growth.

Hypothesis 6:

H₀: Factor 6 market orientation (MO10 to MO15) has no statistically significant influence on competitive growth.

H_a: Factor 6 market orientation (MO10 to MO15) has a statistically significant influence on competitive growth.

Hypothesis 7:

H₀: Factor 7 entrepreneurial marketing (EM) has no statistically significant influence on competitive growth.

H_a: Factor 7 entrepreneurial marketing (EM) has a statistically significant influence on competitive growth.

Hypothesis 8:

H₀: Factor 8 market orientation (MO4 to MO6) has no statistically significant influence on competitive growth.

H_a: Factor 8 market orientation (MO4 to MO6) has a statistically significant influence on competitive growth.

The level of significance used for all the tests is 0.05, that is, a 5% level of significance. This is in congruence with Hair, Black, Babin and Anderson (2014) where they posit that a *p*-value is designed so that the researcher can either reject H₀ (if *p*-value < 0.05) or not reject H₀ (if *p*-value > 0.05). So, if the study has reported on *p*-values, there is the need to have hypotheses linked to it (Field, 2018; Kline, 2015; Hair *et al.*, 2014).

1.10 RATIONALE FOR THE STUDY

Various studies have indicated that SMEs contribute to most African economic growth in a significant way, and as such, they contribute to employment generation, poverty alleviation, regional development, the gross national product (GNP) and technological innovation (Thomas *et al.*, 2012; Abor *et al.*, 2014).

In Lesotho, SMEs play a significant role in the business arena, for example, there are currently about 76 067 SMEs with 300 000 employees in Lesotho (Makhetha & Sebolelo, 2015; GoL, 2016:10).

This study is specific to issues of market-driven strategies and access to finance considered to be factors that could influence SMEs competitive growth in Lesotho. This study suggests that the majority of Basotho SMEs seem to lack adequate market-driven strategies and access to financial resources. The constraints of low market-driven strategies intertwined with low access to finance, affect their access to and utilisation of marketing information to attain competitive growth. The study intends to

determine the influence of market-driven strategies and access to finance on the competitive growth of SMEs. The findings could provide some useful information to SMEs entrepreneurs and managers on market-driven strategic resources which could help in managing the enterprises to attain growth. The findings will also throw more light on some critical issues of market-driven strategies and access to finance that could help SMEs' entrepreneurs and managers in managing their enterprises effectively to attain competitive growth in Lesotho.

To the best of the researcher's knowledge, hardly any study has investigated Lesotho SMEs' failure from the nexus of market-driven strategies and access to finance constructs. Taking all this into account, the researcher chose the four districts of Butha Buthe, Leribe, Mafeteng and Maseru as the context for the survey because there are more SMEs in these districts than the other six districts (namely, Berea, Mhales-Hoek, Mokhotlong, Qachas-Nek, Quthing and Thaba-Tseka).

Although the provision of social resources, such as finance, information (training, vocational institutes) and human development, has been a government priority in Lesotho, Basotho SMEs seem to have not benefited adequately (Informative, 2014, GoL, 2016). This is due to the governmental policies not being accompanied inclusively by comprehensive, market-driven, focused, and prioritised strategies programmed towards local (Basotho) SMEs. This could be one of the main reasons the current number of SMEs has decreased by 39.15% (as discussed in Section 1.4).

The proposed answers to the above questions will not only benefit the enterprises, but also policy-makers, marketing consultants, government, and SME entrepreneurs and managers. They will be empowered to spend the optimal resources on the constructs of market-driven strategies that will potentially assist them to grow their enterprises profitably and to increase their competitiveness. The findings also indicate that specific market-driven strategies, in combination with access to the required finance, can help SMEs to survive, operate efficiently and proficiently in the competitive market, and experience competitive growth.

1.11 SIGNIFICANCE OF THE STUDY

To date, despite many studies having provided evidence of the extreme low growth rate of SMEs, there is a dearth of literature focusing particularly on the situation in

Lesotho. Theoretically, the findings in this study will assist entrepreneurs or managers of SMEs with critical skills in the strategic marketing concepts necessary for continuous strategy in refiguring and configuring the market, in spite of its complexities, and it will promote the internal entrepreneurship strategies for growth of enterprises.

Empirically, there seems to be limited empirical studies relating to market-driven strategies and SME access to finance in the literature around the world, let alone in the database of Lesotho. This empirical study will shed more light on the issues relating to market-driven strategies, its constructs, access to finance and its factors, and the complementarity of the constructs which influence enterprise growth, and as such, should assist entrepreneurs and managers of SMEs, policy-makers of entrepreneurship, as well as educators in the field of marketing with updated information in marketing and entrepreneurship practice. From the findings, they should benefit from the in-depth understanding of the constructs which explain market-driven strategies, and which factors can influence the SMEs' access to finance to attain competitive growth. This study will assist other stakeholders of entrepreneurship with reactive and proactive capabilities to satisfy the target market on a continuous basis by incorporating the necessary market resources to earn and sustain their market in a developing economy, such as in Lesotho.

Practically, the results of this study should assist entrepreneurs or managers of SMEs with robust marketing and operational knowledge capabilities when they adopt market-driven strategies and access to finance phenomena in their enterprises. From the results, entrepreneurs or managers will have a better knowledge and understanding of the importance of market-driven strategies as a competitive tool to set their enterprises on a competitive platform, and also assist them with the capability to outperform less market-driven rivals. From these assertions, the importance of the study cannot be overemphasised.

1.12 OUTLINE OF CHAPTERS FOR THE STUDY

The total structure of this study takes the form of six chapters that include:

Chapter 1: Study overview

This chapter introduced the study and orientated the reader on the context of the study. It presented the problem statement, study objectives, research questions, assumptions made by the study, scope, methodological and analysis summaries, rationale, significance, limitations and important concepts of the study.

Chapter 2: Theoretical foundation of the study

The chapter explores the strategic management theoretical paradigms from the SME perspective, as it relates to Gibrat's law of growth, the positioning school model and resource-based view (RBV), competence-based view (CBV) and credit rationing theory.

Chapter 3: Literature review

This chapter reviews the available literature related to issues on the conceptual framework of market-driven strategies; market orientation, entrepreneurial marketing, competitive intensity and technological dynamics, and the factors (financial information access, bank and business support services, structure of banks and collateral requirement), of access to finance that are required by SMEs to attain competitive growth.

Chapter 4: Research design and methodology.

The chapter provides a detailed description of the research design proposed for the study. The chapter discusses the research philosophy, research approach, research design, population and sample, research tool and design, data analysis, limitations of the quantitative method, and ethical considerations in this study.

Chapter 5: Results

This chapter presents the sequential results of descriptive statistics, factor analysis and reliability tests, correlation analysis, regression analysis and the structural equation modelling (SEM). The presentation is done to align the findings with the research objectives and questions.

Chapter 6: Conclusions, limitations and recommendations

Finally, the final chapter presents a summary of the findings, and discusses the contributions of the study to policy and research knowledge. The limitations of the

study are highlighted, recommendations for practice and future research interests for SMEs are also presented.

1.13 DEFINITION OF KEY TERMS

The table below lists some of the key terms that are used throughout the study.

Key term	Definition
Market orientation	This refers to market-oriented activities, behaviours that are proactive, search for new and rare market opportunities to deliver superior customer value and benefit from it (Liao <i>et al.</i> , 2011:301).
Entrepreneurial marketing	The entrepreneur's responsiveness to market delivery under the constraints of limited resources and the ability to exploit market opportunities to satisfy the ever-changing customers' demand (Reijonen <i>et al.</i> , 2015:2).
Competitive intensity	The process that focuses on the dynamics in the market, understanding of customer perceptions of brands, and competing enterprises' actions, and finding unique and differentiable brand positions to satisfy customers in the market (Porter, 2014).
Technological dynamics	A scientific, applied technical innovation that transforms the mechanisms, methods, procedures, or techniques needed for producing an enterprise's products or services (Asikhia, 2010).
Market-driven strategy	The process that makes the enterprise's commercialisation process effective and efficient through market orientation, entrepreneurial marketing, and competitive and technological capacities to satisfy the target market.
Financial information access	The flow of adequate information in the financial market which informs potential SME customers of the available product, services and the related costs (Osano & Languitane, 2016).
Bank and business support services	The enabling support services designed for the SMEs to link and assist them to access needed funds and other developmental capacities (Charbonneau & Manon, 2013)
Structure of bank	It describes the degree of competition in the banking sector that defines the cost of financial products and services to customers (SMEs) (Anzoategui & Rocha, 2010).
Collateral requirement	It describes the extent that borrowers must commit their asset(s) as security to lenders before loan applications will be granted (Osano & Languitane, 2016).
Access to finance	The entrepreneurs' or managers access to the necessary funds for optimum use, efficiency and growth of their enterprises (Abor <i>et al.</i> , 2014).
Competitive growth	It explains the focus on the target market opinion of being a proficient, innovative and expert enterprise, which has consistently

	increased its market share, with high innovative practices in operation, maintains productivity, increased staff retention, and consistently increased sales growth and profitability (Pongpearchan 2016)
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1.14 CHAPTER SUMMARY

This chapter provides the background to orientate the reader on the market-driven strategies and access to finance that SMEs need to effectively operate in the dynamic business environment. The chapter provides some useful information on the context of the study, the problem statement, research objectives, research problems, rationale for and significance of the study, methodological summary and analysis summary. Finally, the chapter concludes with an outline of the chapters in the study and definitions of key terms. Chapter 2 discusses the theoretical foundation of this study.

CHAPTER 2:

THEORETICAL FOUNDATION OF THE STUDY

2.1 INTRODUCTION

Questions such as “What is the relationship between market-driven strategies and access to finance on the competitive growth of SMEs in selected districts in Lesotho?” and “To what extent do market-driven strategies and access to finance predict the competitive growth of SMEs in selected districts in Lesotho?” have been asked. This study argues that SMEs could experience competitive growth due to the application of market-driven strategic resources and the access to finance. This suggests that, some enterprises may be passive about this topic, and in most cases, enterprises that lack market-driven strategies and access to finance do not survive.

To the best of the researcher’s knowledge there is hardly a universally accepted theory in entrepreneurship or in strategic management literature that has been adopted as the sole influence or determinant of an enterprise’s competitive growth. The researcher considers that it is important to review some existing strategic theories on enterprise growth to guide the current study’s review and analysis. This chapter reviews relevant theories, such as Gibrat’s law of growth, the Positioning School Model and Resource-based view (RBV), Competence-based view (CBV) and the Credit Rationing Theory.

2.2 GIBRAT’S LAW OF GROWTH

Gibrat’s law of enterprise’s growth stems from early studies in the manufacturing industry that found that there is an association between enterprise size and its growth. This explains the stochastic phenomenon of the nexus between growth and size of the enterprise. Several studies have taken the task in debating Gibrat’s law of proportionate effect, but a commonly accepted explanation of the original law (Gibrat’s law, 1931) is that the enterprise’s growth rate is independent of its size when it is first assessed. That is, the chances of proportion change in size within a specific time are the same for all enterprises in a specific industry, despite their size at the start of operation (Subairu, 2016).

Theoretically, the perspective of Gibrat's law has proved consistent with some classic economic models, such as that of Viner (1932) and Lucas and Robert (1978) that studied size distribution models of enterprises. The Viner (1932) theory sees enterprise's size distribution as the result of cost-minimising enterprises to attain significant growth. Lucas and Robert's (1978) study updated Viner's (1932) original theory, and their findings indicated that size distribution of enterprises is a solution to the challenge of assigning productive inputs over managers of different 'skills' to maximise aggregate output (Subairu, 2016:32).

This theory (Gibrat's law) also argues that an enterprise's growth or decline is highly determined by the management of the target market and government strategies in the sector (Gibrat, 1931; Tirfe, 2015). This suggests the version of the Gibrat's law that informs this study that the SMEs growth can be influenced by specific market-driven strategies such as market orientation, competitive intensity and technological dynamics factors to drive the SMEs growth.

Despite its importance in the field of strategic management, some research studies reject the stochastic phenomenon argument. A number of empirical studies indicated that growth and the enterprise's size were inversely correlated (Tirfe, 2015; Dobbs & Hamilton, 2007; Lotti, Snatarelli & Vivarelli, 2003; Liedholm, 2002; Mead & Liedholm, 1998; McPherson, 1996). In the same context, from the perspective of the Gibrat's law it indicates that the followers of stochastic theory believe that various factors influences enterprise growth and that all positive changes in enterprise growth are due to chance. But this study argues that SMEs growth may be specific to market-driven strategies and access to finance as resource capabilities of the entrepreneurs or managers of SMEs to attain competitive growth.

This study is of the view that irrespective of the SMEs sector, enterprise's size maybe less relevant with reference to market-driven strategies and access to finance that the enterprises need to attain competitive growth.

2.3 POSITIONING SCHOOL MODEL AND RESOURCE-BASED VIEW

As the field of entrepreneurship matures, researchers and scholars continue to leverage theoretical theories from different strategic management sciences to

understand how entrepreneurs or managers of various different enterprises grow competitively (Kellermanns, Walker, Cook, Kemmerer & Narayanan, 2016). According to Kazozcu (2011), the two mainstream schools in the strategic management literature are: the positioning school, as proposed by Porter (1980) in his seminal book '*Competitive Strategy*' and the resource-based view (RBV), that built on the seminal work of Penrose '*The Theory of the Growth of the enterprise*'.

2.3.1 The positioning school model

The review of the strategic theories literature indicates that the positioning school view is one of the models that proved Gibrat's law of growth to be outdated. In this study, the positioning school model theory gives a broad focus that access to enabling market resources could influence the SME's position and competitive growth in the sector.

The positioning school model views the enterprise as being concerned with achieving strategic alignment with its environment, to such an extent that enterprises possess the unique efficiency and effectiveness to outperform competing enterprises (Kazozcu, 2011). The school argues that the enterprise's competitive growth is based on both the attractiveness of the sector in which the enterprise competes, and the enterprise's relative position in that sector (Barney, 2001; Kazozcu, 2011). Barney's (2001) findings concur with Porter's Theory (1980) which asserts that the relationship between sector attractiveness and the enterprise's growth determines its competitiveness in the sector. Barney's (1991) analysis suggested that, in spite the sector's attractiveness to the enterprises, the Porter's 'five forces' framework (namely, high competition, high concentration of substitute products, high entry barriers, high buyer bargaining power and high supplier capacities) are the capacity of the enterprise's competitiveness when compared with those with limited capacity of the resources in the sector.

The strategic literature review indicates that the popularity of the positioning school's views among researchers is high, but some empirical studies have criticised its argument (Bromiley & Fleming, 2002; Priem & Butler, 2001). Firstly, it has been criticised as the resources in the sector that make enterprises competitive remain ill-defined. Secondly, the positioning school view is more concerned with strategic management which focuses on large and established enterprises, unlike entrepreneurship where researchers focus more on smaller enterprises that are

pursuing competitive growth. Thirdly, Barney (2001) criticised the positioning school model because the theory seems skewed to only explore the source of effective competitive advantage in the business environment (that is, attractiveness of the industry where they are located).

Insight from the resource-based view (RBV) school, initiated by Penrose (1959) and developed by Wernerfelt (1984) and Barney (1991), indicates that entrepreneurship scholars have built on the RBV theory perspectives to understand the determinants of enterprises' competitive growth (Kazozcu, 2011). The insight suggests that the intention of the RBV theory was to try and help researchers understand why some enterprises enjoy competitive growth, and therefore outpace other enterprises in the intra-industry (Kellermanns *et al.*, 2016). According to the RBV, the variations in the unique bundle of competitive resources that are non-substitutable, exceptional and inimitable possessed by entrepreneurs are not explained as possible key capabilities that differentiate between enterprises.

A significant premise of the RBV is that the external business environment where different enterprises operate offers both prospects and threats to all enterprises in the market. Within the same business environment, the positioning school model has not provided any suggestions that there is the tendency that SMEs could experience competitive growth from the market-driven strategic factors of market orientation, entrepreneurial marketing, competitive intensity and technological dynamic, while others may become redundant, and others even close business operations due to a lack of market-driven strategies.

This study intends to determine the specific factors of market-driven strategies that could influence the competitive growth of SMEs in Lesotho.

2.3.2 The Resource-based view

A number of researchers and scholars see the resource-based view (RBV) as one of the most prominent and substantial theories in strategic management because it tries to answer the question as to why the same external business environment offers both opportunities and threats to enterprises in the same sector (Barney & Clark, 2007; Kellermanns *et al.*, 2016).

The explanation given by the RBV is that in a dynamic environment, the necessary productive resources possessed by enterprises differ based on their strategic

efficiency. Enterprises with dynamic resources must be heterogeneous, even if they are in the same sector to be able to operate competitively (Huang & Wang, 2011; Muthee & Ngugi, 2014; Barney & Clark, 2007). Kellermanns *et al.* (2016) and Lewin (2005) add that in a dynamic business environment, heterogeneous perceptions may be of more critical necessity to enterprises than just heterogeneous resources *per se*.

According to the RBV argument, heterogeneous resources drive the enterprise's logical behaviour, and it may be considered as robustness by the RBV. Barney *et al.* (2011) and Kazozcu (2011:449) further indicate the following practical implications of the resource-based theory (RBT), namely, that it:

- Assists entrepreneurs or managers who face strategic difficulties to identify and adopt the unique strategic resources needed to leverage their competitive operations;
- Adopts the attitude that market resources are substitutable and flexible towards market engagement. This means that the RBV or RBV logic can provide a conjecture that underpins the process of benchmarking entrepreneurial engagement;
- Assists entrepreneurs or managers who aim at increasing the competitive operation of their enterprises to fully realise their potential;
- Assists entrepreneurs or managers to identify and utilise specific market resources that drive their competitive advantage in the market environment; and
- Aids enterprises' operators with the capacity to groom and effectively manage market resources to the enterprise's strategic advantage.

According to Rosenbusch, Brinckmann and Bausch (2011) the competencies of entrepreneurs or managers are seen as a prior necessity for the enterprise's effective operation, and such human resources are constitutive elements of entrepreneurship theory. These human resources drive the enterprise's competitive growth in the market environment (Awuah & Amal, 2011; Barney, 2001).

Muthee and Ngugi's (2014) study indicated the strategic influence of human resources (capital) on entrepreneurship. According to Muthee and Ngugi (2014:7), in RBT, human resources are considered as the prime source of the enterprise's competitive growth in the business environment. Caldas (2010) and Muthee and Ngugi (2014:7)

also opined that with such unique human capital, which is not substitutable and inimitable, enterprises can generate competitive growth over competing enterprises. Coherent with this integrative role of human resources, the RBV theory places enterprises in a better competitive position to access and utilise the necessary management decision tools, and as such, enhance its abilities to super-ordinate the concept to attain significant growth.

According to Barney (2001) and other pro-RBV supporters (Kemmerer *et al.*, 2011; Siqueira & Bruton, 2010; Wernerfelt, 1984; Alvarez & Busennitz, 2001), the differences in competitive growth between enterprises are determined particularly by the combination of unique business resources they own, and how the SME refigures and configures those resources to its own advantage. This suggests that from both strands of the perception of heterogeneous resources and the actual heterogeneous resources of market-driven strategies (market-orientation, entrepreneurial marketing, competitive intensity and technological dynamic) are less emphasised in the RBV theory, and such could equip entrepreneurs or managers of SMEs on how best to make use of effective market strategic decisions, gain super-normal profits and be in charge of strategic tasks in the enterprise to attain competitive growth in the SMEs.

From the RBV it indicated that perspective has exclusively been prioritised on the internal heterogeneous human capital needed in the enterprise as the underlying argument to attain sustained competitive growth. The RBV places less emphasis on the external enabling resources, such as access to finance. To attain sustainable competitive growth, the entrepreneur or manager's competency is required to coordinate and utilise an appropriate combination of both internal and external resources. This study regards the entrepreneur or manager's capability of exploiting internal and external enabling resources (market-driven strategies and access to finance) as significant basis for the SMEs to face business economic challenges and attain competitive growth in the dynamic market.

The view remains that despite the prominence of the RBV in strategic management, it is not frequently amenable to entrepreneurial manipulation (Barney *et al.*, 2011; Zulu-Chisanga, Boso, Adeola & Oghazi, 2016). The RBV is also argued to provide a limited scope of competitive strategic advantages to entrepreneurs or managers, in terms of its potential to generate and attain competitive and strategic growth in the enterprise (Ding *et al.*, 2009; Batra, Sharma, Dixit & Vohra, 2015; Nur, Surachman, Salim &

Djumahir, 2014). This study regards the applicability and logic of the RBV theory as limited in terms of creating competitive strategic growth, as the RBV indicates that the development of strategic resources is only restricted to the entrepreneur or manager's specific ability. This study argues that such potential for SMEs may hardly exist without market-driven strategic resources and access to finance.

In the same context, the review of the entrepreneurship literature indicates that although some authors have argued that the RBV, positioning school and Gibrat's law of growth have emphasised the influence of strategic resources on enterprises growth, these theories have omitted the importance and the unique influence of market-driven strategies on entrepreneurial abilities that could drive the enterprises' competitive growth. A number of authors have made frantic efforts to unveil issues peculiar to the enterprise's competitive growth via the RBV, positioning school and Gibrat's law of growth together with the concept of 'dynamic capability' (Abosede, Obasan & Alese, 2016; Muthee & Ngugi, 2014; Cook, Pandit & Milman, 2011; Wu, 2010, Tokuda, 2005; Teece, Pisano & Shuen, 1997), the literature on the aforementioned theories is scant on how entrepreneurs or managers could implement market-driven strategies that may simultaneously drive the enterprise's dynamic capacity to attain competitive growth.

This suggests that the RBV, positioning school and the Gibrat's law of growth have less emphasised unique resources specific in market-driven strategies, interconnected with factors that influence access to finance that could influence SMEs capacity to attain competitive growth.

2.4 COMPETENCE-BASED VIEW

According to the theory developed among various authors (Sanchez, Heene & Thomas, 1996; Teece *et al.*, 1997), the competence-based view (CBV) is a theoretical concept independent from RBV, positioning school and the Gibrat's law of growth. It offered a central framework of high relevance, which explains the fundamentals of corporate growth or success the enterprises (Freiling, 2004). The emphasis of the theory is more on resources or competencies that are knowledge-based (Freiling, 2004). This contradicts the view of RBV that states that enterprise X will be more competitive than enterprise Y, if X possesses more effective resources than Y (Barney, 1991). The CBV added that enterprise X can only be more competitive and successful than enterprise Y, if X is able to more effectively and efficiently allocate its resources

than Y. This is in conjunction with the availability and usage of capacity which are unique, rare and not easily substitutable (Freiling, 2004; Teece *et al.*, 1997).

In line with the study's perspective, the CBV argued that the competitive growth of SMEs is influenced by heterogeneous market resources from internal competencies of the entrepreneur or manager of the SME. This study concurs with the CBV that these heterogeneous market resources could be those specific to market-driven strategies that enterprises need to attain growth in the dynamic market environment. Although the CBV emphasised internal resources, such as competencies, as the main factors that drive the enterprise's growth, such concerns were not specific to the market-driven strategic factors and access to finance factors that SMEs may need to pursue competitive growth in the Lesotho context.

The CBV is important in this study because it suggests means, such as resources and competence, as factors that bridge the potential gaps between the entrepreneur or manager and the market to attain growth. This study considers such competencies and resources to be market-driven strategies and access to finance as enabling factors that can influence SMEs' capability of attaining competitive growth.

Following the preceding theories (Gibrat's law of growth, positioning school, RBV and CBV), it cannot be ignored that their explanation of the influence of the competitive growth of SMEs is limited. It places the least emphasis on explicit internal and external resources (namely, market-driven constructs and factors of access to finance) that this study argues could influence SME competitive growth.

2.5 CREDIT RATIONING THEORY

Various authors (Osano & Languitane, 2016; Mazanai & Fatoki, 2012) have studied the challenge of access to finance from the perspective of the credit-rationing behaviour of the financial institution that places adverse constraints on many SMEs applying for loans. Stiglitz and Weiss's (1981) credit rationing theory (CRT) emphasised the two most important gaps as the major factors that restrict SMEs' access to finance. Unlike the Gibrat's law, positioning school model, RBV and CBV theories, Stiglitz and Weiss's theoretical model explains the imperfect market competition in terms of credit provision as the (latent) demand for credit. This is the hidden action problem that this study considers as on the part of lenders not having

sufficient information about the client (potential borrower), and which contributes to the potential applicant's (SME's) demand exclusion. This suggests the credit rationing behaviour of banks not granting loans to most SME applicants. According to the credit rationing theory, information asymmetries (a conflict of interest between agent and management) are major reasons why SMEs are denied access to finance (Mazanai & Fatoki, 2012). This study is of the view that the asymmetric information can lead to credit rationing situations where the risk-return distribution is modified. Within this given circumstance, some borrowers' applications are denied, despite their willingness and capacity to pay back the loans and interests.

The Stiglitz and Weiss (1981) credit rationing theory addressed two important gaps as the main reasons why most SMEs experience constraints in access to finance. These gaps are agency problems and the asymmetric information gap and are major constraint to many SMEs access to credit funds (Mazanai & Fatoki, 2012).

From the theoretical perspective the review of the credit rationing theory literature indicates that the credit rationing theory is quite popular among a number of authors (Mazanai and Fatoki, 2012; Harvie, 2011; Machmud & Huda, 2011). It provides a perspective that most banks consider SMEs to be a high risks to lending, and such discourage them (banks) and the willingness to grant adequate information on available credit.

Although asymmetric information argues that agency problems exist between the banks and the borrowers, such asymmetric information exacerbates the banks' unwillingness grant loans to most SMEs. This informs the study assumption that the access to finance constraint that SMEs face could be attributed to informational problems and transactional costs. From information problems banks consider most SMEs as "non-bankable" risky borrowers, and in the attempt to control their demand for loans they provide limited information on the specific products that could inform and benefit enterprises to obtain access to finance.

From empirical perspective, Lesotho has three major banks (First National bank, Nedbank and Standard Lesotho Bank), as a result there is low competition among the bank and could be traced to structure of bank. This suggests that low competition in the banking sector influences SMEs' access to the credit needed to effectively exploit market opportunities. As a result, financial institutions are likely to be involved in credit

rationing behaviour, which this study considers to have adverse impact on previously disadvantaged applicants. The study argues that the structure of the banking sector (structure of bank) influences the cost of financial services and products the banks offer. The low competition in the financial sector also exacerbates the high tendency in terms of the collateral requirement by banks before considering loan applications.

Practically on the “transactional cost” (credit rationing theory), most banks consider lending to small enterprises a high administrative costs when equated with large enterprises. The review of the credit rationing theory suggests high tendencies of credit officers taking decisions that are skewed towards information asymmetry, and insist on collateral requirement. The lack of bank and business support services tends to also make most SMEs more vulnerable to the collateral requirement by banks.

This study consider the following access to finance factors; financial information access, structure of bank, bank and business support services and collateral requirement as the challenges SMEs face in bridging the gap of the demand for credits from bank and to attain competitive growth.

To summarise, although the aforementioned theory (credit rationing theory) tends to provide compelling explanation on principal agent problems that constrain effective banking lending, such has provided scant information on financial information access, structure of bank, and bank and business support services as factors that define informational problems and transactional costs that affect SMEs’ access to finance in most developing economies. This study intends to fill the existing gap in the entrepreneurship literature that the factors, such as market orientation, entrepreneurial marketing, competitive intensity, technological dynamics of market-driven strategies, and financial information access of borrowers (SMEs), structure of bank and inadequate bank and business support services and collateral requirement are factors of market-driven strategies and access to finance which constrain SMEs capacity to attain growth. These market-driven strategic variables and access to finance factors are scant in the aforementioned strategic theories of growth, and the study argues that such resources could influence SMEs capacity to attain competitive growth in Lesotho.

2.6 CHAPTER SUMMARY

This chapter established the theoretical foundation of this study with theoretical postulations which started with the discussion of Gibrat's Law of Growth, the Positioning School Model, RBV, CBV and the credit rationing theory on the enterprise's growth. The review of the aforementioned theories shows that there is hardly a particular theory to the best of the researcher's knowledge that universally answers the question: "What holistically influences SMEs' competitive growth?" in the currently available literature.

In the following chapter market-driven strategies, access to finance, and competitive growth are discussed.

CHAPTER 3: LITERATURE REVIEW

3.1 INTRODUCTION

Lesotho's SMEs must become competitive at world-class levels if they are to survive the intense volatility of today's competitive global era. As a matter of fact, SMEs' entrepreneurs and managers must realise that to survive the current dynamic business era, they need to engage in proactive activities that are continuous, responsive and superior in the marketplace. Chapter 2 provided a detailed explanation based on the theoretical foundation perspective on the factors that influence enterprise growth. This chapter aims to review the literature and empirical evidence *vis-a-vis* the broad research objectives of the study. Sequentially, the following sub-topics are discussed in detail in the chapter: (i) Market-driven strategies; Market orientation, Entrepreneurial marketing, Competitive intensity and Technological dynamics, (ii) Access to finance and (iii) Influence of market-driven strategies and access to finance on competitive growth; market orientation and competitive growth; entrepreneurial marketing and competitive growth, competitive intensity and competitive growth, technological dynamics and competitive growth; financial information access and competitive growth, bank and business support services and competitive growth, structure of bank and competitive growth and collateral requirement and competitive growth.

3.2 MARKET-DRIVEN STRATEGIES

The term 'market-driven' reflects an extended strategic aspect and is an important concept related to knowing and assessing the market environment. This concept reflects the adoption and utilisation of marketing concepts that are market specific, and which focus on the entrepreneur or manager's efforts and the needs of the target market. Modern studies indicate the centrality of the market-driven approach to SMEs, and this is due to the current business era that requires the enterprises to innovate new concepts related to goods or services that suit customers' demands in the market (Halliru, 2016; Belás *et al.*, 2015; Lee & Kim, 2014; (Vallini & Simoni, 2009; Rajnoha & Lorincová, 2015).

Entrepreneurs or managers of SMEs need to be market-driven so that they can be sensitive to product attractiveness to customers and are able to promote positive growth in the enterprise. In this 21st century, market economies as global entities are creating more market risks for uncompetitive SMEs, while offering unique niches for market-driven SMEs, to such a degree that it drives their operations to greater heights, allowing them the effective capacity to compete with their peers and thrive.

According to Muthee and Ngugi (2014), Lee (2014) and Vallini and Simoni (2009), the term 'market-driven' refers to the method which creates customer products through strategy formulation and implementation. This is seen through the target market-based differentiation approach, which influences the enterprise's market search efforts, its choice of target consumers, its product design procedures, its market network channels and its delivery methods (Halliru, 2016; Westerlund & Leminen, 2012; Lee & Kim, 2014; Muthee & Ngugi, 2014; Abosede *et al.*, 2016).

Market-driven enterprises are seen to possess the capacity to create, develop, distribute and respond to diverse market forces and are better able to deal with the market dynamics than less market-driven competitors.

Although the concept 'market-driven' is considered to be associated with market-value creation, Halliru (2016) and Minet, Micheal and Akin (2008) contend that enterprises that implement this approach may not be considered as pioneers, as this applies only to the launch of the new technique or process, or during the early life of the new product. This suggests the need for complementary 'strategies'. Kazozcu (2011) defines strategic as position-changing, and such 'strategies' indicate dynamic core competencies of SMEs' entrepreneurs or managers. In this study, the dynamic core competencies support the unique resources of the enterprises when combined as 'market-driven strategies' to make the SMEs competitively oriented in the business environment.

The entrepreneurship literature suggests that most business environments seem to be turbulent and enterprises experience challenges in surviving and attaining competitive growth. This suggests that, there is the need to adopt an inimitable set of market-driven strategic resources, such as market orientation, entrepreneurial marketing, competitive intensity and technological dynamics to enhance their competitive growth. This inimitable set of market resources are market expertise and

competencies that this study regards as requisite capabilities for SMEs' entrepreneurs and managers. Due to the constantly evolving business environment, these requisite capabilities cannot remain static while market-driven strategies hold. This indicates that SMEs' must be market-driven strategic to continually meet the highly competitive environment needs to attain growth. This suggests that the SME entrepreneur or manager's capability to improve and dynamically rejuvenate the requisite capabilities which influence their market-driven tendencies and evolve into strategies more potent to the enterprise.

Entrepreneurship literature indicates that research in market strategies has focused on three interrelated aspects, namely, resource flexibility (Morgan *et al.*, 2015), process flexibility (Shirokova, Bogatyreva & Beliaeva., 2016; Kazozcu, 2011), and strategic options (Sanchez, 2011). This study's view is in line with the strategic option, which focuses on market-driven strategies as the dynamic capabilities that allow the SME's entrepreneur or manager to sense, design, produce, and competitively maintain target market preferences with market orientation, entrepreneurial marketing, competitive intensity and technological dynamic concepts. These enterprise's strategic options should include the needed market-driven strategic resources and the maintenance of operational procedures to enable the attainment of competitive growth in the business environment. It suggests that these strategic options enable the SMEs' entrepreneurs or managers to act strategically, but it requires the options of creating and implementing an ideal set of strategic options, such as market-driven strategies, and these are scant in the entrepreneurship literature in terms of attaining competitive growth.

A further search for the reasons behind competitive growth shows that market-driven strategies are seen as the SME entrepreneur or manager's responsive and tactical capabilities in meeting the target customers' needs, and the desire to consistently and continuously configure and refigure the abilities and resources in the enterprise (Zulu-Chisanga *et al.*, 2016 Kakapour *et al.*, 2016). This defines the SME market's responsiveness as the enterprise's capacity in responding promptly to the ever-changing customers' wants through the use of effective strategic market resources (market orientation, entrepreneurial marketing, competitive intensity and technological dynamics), and to equip entrepreneurs or managers with the ability to identify and promptly deliver on customer expectations.

Briefly explained, market-driven strategies suggest that an enterprise with a highly responsive pace in exploiting product niches, and that is quick to respond to modifications in the market will likely gain from such product returns, more than another enterprise that is less responsive. With this view in mind, market-driven strategic enterprises are those located in close proximity to their customers, and they are comparatively better at sensing, evaluating and designing new products that suit the target customers' needs, if compared to competing enterprises (Zulu-Chisanga *et al.*, 2016; Bodlaj, Coenders & Zabkar, 2012).

Market-driven strategies are seen to aid the SME entrepreneur or manager's continuous ability to upgrade and dynamically reconfigure their core competencies for competitive growth of the enterprise. Market-driven strategies in SMEs can be linked to the process of building a competitive edge through continuously engaging in information searches on what customers need, and then building and leveraging such resources towards delivering the required value to meet the customers' desires. This study argues that to be market-driven strategic requires factors such as, market orientation, entrepreneurial marketing, competitive intensity and technological dynamics to drive the SME's value-generating processes to attain competitive growth.

SME entrepreneurs and managers engage in market-driven strategic activities by designing, developing and producing unique customer preferences, as the prime factor that drives strategic formulation and application. According to Lee and Kim (2014) and Sabai-Khin *et al.* (2012) such strategies equip SMEs' entrepreneurs or managers to achieve a maximum level of operations in their market exploration activities, categorising the various target customers based on their purchasing power, product design procedures, and monitoring the distributional channels for regular trends.

Market-driven strategic enterprises are seen to be effective at searching for new and opportunistic markets, defining specific customers' preferences, and designing and producing products that meet the customers' needs. This is due to market knowledge being continuously refined and focused on strategic activities that drive SMEs to become market-driven and strategic (Sabai-Khin *et al.*, 2012; Bodlaj *et al.*, 2012). Immersing the SME in the market-driven strategic approach may allow entrepreneurs or managers to better predict, configure, re-configure, and introduce new methods or products to the market that often exhibit adjustments to new techniques that satisfy

existing and prospective market preferences (Halliru, 2016; Vallini & Simoni, 2009). This suggests that the market-driven strategic approach is seen as a critical driver of the enterprise's growth, as the enterprise is expected to effectively meet the existing market demands with market orientation, entrepreneurial marketing, competitive intensity and technological dynamic strategies to keep better pace with evolution than their competitors who are more internally focused, and to attain competitive growth.

The underpinning of the SME's competitive strategy is that SME entrepreneurs or managers need to continually adapt to their competitive business environment through market-driven strategies in order to be competitive. This may require the SMEs capacity of offering fast and operational responses to a highly dynamic marketplace with market orientation, entrepreneurial marketing, competitive intensity and technological dynamics resources. To the best of the researcher's knowledge no study has consider the aforementioned resources as requisites of SMEs market-driven strategies to attain competitive growth.

This study argues that to be market-driven strategic requires factors such as, market orientation, entrepreneurial marketing, competitive intensity and technological dynamics to drive the SME's value-generating processes to attain competitive growth.

3.2.1 Market orientation

From the fundamental construct of marketing literature, market orientation serves as an antecedent which uniquely influences enterprises' market-driven strategies (Leal-Rodriquez & Albort-Morant, 2016:39; Jones & Rowley, 2011; Nur *et al.*, 2014). A review of the entrepreneurial literature indicates that there are many studies that provide proof of the significant effect of market orientation on enterprises, such as the research works by Wang *et al.* (2012), Nur *et al.* (2014), Garcia-Ramirez *et al.* (2014), Boso *et al.* (2016), Leal-Rodriquez and Albort-Morant (2016) and Homaïd *et al.* (2017).

Research studies by various esteemed scholars have revealed that market orientation has been extensively assessed as the enterprise's disposition for producing superior goods or services that satisfy the target customers, such that it entails the entrepreneur or manager's capability to not only recognise and understand the target customers' needs, but also the threats posed by competitors in the attainment of competitive growth (Ibrahim & Shariff, 2016; Hussain, Ismail & Shah, 2015; Long, 2013; Johnson *et al.*, 2012; Raju *et al.*, 2011; Mahmoud, 2011).

Despite all these studies, many researchers have remained unconvinced regarding the concept of market orientation and its influence on the enterprise's market-driven strategies (Ramayah, Samat & Chiun-Lo, 2011). Some studies regard the concept of market orientation as too directly and explicitly related to the process of meeting customer needs (Baker & Sinkula, 2016; Nur *et al.*, 2014), rather than the process of identifying and exploiting unique business opportunities (Hussain *et al.*, 2015). For example, some authors see market orientation as a general terminology used to describe the degree to which an enterprise is capable of utilising marketing concepts (Liao *et al.*, 2011), while others view market orientation as a premise through which an enterprise is actualising the marketing concept (Leal-Rodriquez & Albort-Morant, 2016; Boso *et al.*, 2016; Hakala, 2011).

A number of studies in the field of marketing (Homaïd *et al.*, 2017; Boso *et al.*, 2016; Mahmoud & Yusif, 2012) still argue that the current literature on market orientation has focused more on established large enterprises in the strategic management arena, and less on SMEs which this study finds as a gap in the entrepreneurship literature. This study suggests that market orientation is a key driver of market-driven strategies in the SMEs to attain competitive growth. This requires the need to view market orientation from the SMEs' perspective.

3.2.1.1 Market orientation in SMEs

As previously stated, research into market orientation has extensively focused mainly on large enterprises, with relatively little research being done specifically on SMEs (Garcia-Ramirez *et al.*, 2014). Limited research studies in marketing have focused specifically on market orientation as a determinant of growth in SMEs (Halliru, 2016; Garcia-Ramirez *et al.*, 2014).

According to Renko, Carsrud and Brännback (2009), market orientation in enterprises not only allows entrepreneurs to achieve a higher level of revenue, but it also supports the integration and practice of operational marketing activities. Grinstein (2008) and Garcia-Ramirez *et al.* (2014), argue that market orientation in SMEs is a result of the practice of marketing concept in enterprises, which focuses not only to target market, but also influences market orientation competitive activities.

Some scholars such as Ibrahim and Shariff (2016), Reza and Tajeddini, (2011) and Garcia-Ramirez *et al.* (2014) see market orientation in SMEs as skills acquired by

entrepreneurs to analyse both the internal and external business environment more accurately, and it allows them to take strategic actions that benefit the enterprise. With regards to the analysis of the internal environment of an SME, a study by Garcia-Ramirez *et al.* (2014) indicated that most small manufacturing enterprises in the United States of America (USA) adopt a production-oriented approach, which is a sales-oriented approach, instead of a market-driven approach. In their findings, it indicated a non-positive association between the enterprise's size and market orientation. They did not indicate that SMEs with market-oriented strategies can experience possible market growth because they possess simpler business structures that are more flexible, adaptive and allow a higher potential for innovation and adjustment to the business environment. Despite small enterprises have limited resources, their smaller margin for error affects their market orientation levels positively (Meutia & Ismail, 2015).

In the study of Idar and Mahmood (2011), the nexus between market orientation and the SME growth was found to be positive and significant in a survey of 356 SMEs in Malaysia. In another study of SMEs in Vietnam, the findings indicated that market orientation significantly influenced the enterprise's market-driven operations (Long, 2013). In Ghana, Mahmoud (2011) found that market orientation positively and significantly influenced the enterprise's market-driven activities which enable sustainable growth. T

The studies of Polat and Mutlu (2012), Suliyanto and Rahab (2012) and Voss, Sirdeshmukh and Voss (2008) reported no direct significant influence of market orientation on SMEs growth. Kajelo and Lindblom's (2015) findings are intriguing, as their findings indicate that, on the surface, market orientation does not seem stronger in SMEs because entrepreneurs retain operational and routine decision-making which weakens the effectiveness and efficacy of market orientation in such enterprises. It suggests that their smaller size does appear to give them leverage in developing entrepreneurial-wide spectrum receptiveness. The developing and nurturing such market-oriented values has a high influence on the SMEs' growth tendencies (Kajelo & Lindblom, 2015).

The disadvantage is, that if such an entrepreneur is unwilling to allow other role players into the routine decision-making, the enterprise's operations may suffer setbacks in relation to supporting the tenets required for a high-level operation of market

orientation (Kajelo & Linblom, 2015). According to Morgan *et al.* (2016), the characteristics of market orientation is associated with the enterprise's size and industry that can affect growth, and market orientation determines the entrepreneur's or manager's capabilities in a differentiation strategy. Although market orientation does not determine the SMEs' effective capacities in a low-cost scenario, small enterprises are able to identify and select the best approach that will benefit their business operation, and enable them to maintain a market share, win competition, and avoid being caught off-guard by competitors' strategies in the external environment (Morgan *et al.*, 2016).

In SMEs, the corporate management support for the enterprise-wide philosophy that promotes market orientation is more apparent, as well as performance that is critical to influence market-oriented growth at any size of enterprise (Kakapour, Morgan, Parsinejad & Wielan, 2016; Morgan *et al.*, 2016).

Nur *et al.* (2014) suggest an idea which uses the generic business approach of Porter's (1985) concept, an approach which includes three high success rates for entrepreneurs in an effort to outpace competing enterprises. The strategy includes: cost approach (low budget tactics), differentiation approach, and focus tactics approach. According to Baldwin (2014), the low-budget strategy is appropriate when an enterprise has sufficient information on costs and is able to effectively manage it in line with the enterprise's set objectives. Differentiation tactics involve the situation where the target market perceives the enterprise as having their utmost interest in delivering offers to them, rather than to other competing enterprises (Baldwin, 2014).

The approaches to differentiation tactics may include the following: creating and innovating inimitable brand descriptions, idiosyncratic expertise in the products, distinctive product features, unique distributional network channels, and exceptional customer service (Klass, Klimchak, Semadeni & Holmes, 2010). The key to the differentiation approach for enterprises is by exploiting market opportunities, and committing market orientation resources towards the market niche to meet customers' expectations (Lee, Shin & Park, 2011). Through differentiation tactics the entrepreneurs can implement strategies to pass the increased costs of unique products to the final customers, this is when the products are uniquely perceived by them. Klass *et al.* (2010:350) and Lee *et al.* (2011:5) affirm that entrepreneurs or

managers with such differentiation tactics perform exceptionally well and gain intrinsic capabilities such as:

- Market exploration techniques;
- Dynamic skills in innovative product designs and marketing team;
- Competent, robust and active sales team with astute capabilities to pragmatically market unique products; and
- Business astute character, and values towards quality and innovation.

In this study, market orientation can also be viewed from the marketing strategy perspective where the enterprise focuses its strategic resources to sense, enter and exploit a constricted market or industry niche, as a focus tactic and strategy. Entrepreneurs typically adopt this tactic when they are market-oriented, know their enterprise's competitive capacity segment, and are able to develop unique products that competitively meet the target market expectations (Baldwin, 2014; EU, 2009).

The focus of the tactical strategy is also the process where enterprises focus on targeted customer strategies and are able to offer a wide variety and standardised products that meet the needs of all the customer groups, ranging from their diverse tastes, preferences and purchasing power (Baldwin, 2014; and Lee *et al.*, 2011). The studies of Baldwin (2014) and Lee *et al.*, (2011) did not indicate if the focus tactic approach allows enterprises to gain an even performance competitive advantage when their products are relatively inelastic in the market. Focus tactics as market orientation strategies, specific to customers when they face less substitutable options, gives the SME the opportunity to earn super-normal returns on investment.

A study by Nur *et al.* (2014) indicates that focus tactics are key to enterprises attaining performance that improves SME growth. Focus tactics influence the enterprise's operational strategies related to market orientation, and further proves that SMEs that implement market orientation based on Porter's analysis experience market-driven strategies as a positive process that effect on growth (Nur *et al.*, 2014; Grinstein, 2008).

From the perspective of the distinctive capabilities, market orientation in the enterprise is considered as one of the most effective tools when customers are seen as a focal

point to achieve the SME's marketing philosophy (Jawad-Hussain *et al.*, 2016; Kumar *et al.*, 2011).

Given today's competitive business environment, this study sees market orientation in the enterprises as having the tendencies to offer unique utilities to the target market, and as such, is exceptional, distinct and inimitable to drive the SME's market orientation and enables them to outperform less market-driven strategic competing enterprises. This suggests that the adoption of market orientation as an effective tool which many SMEs lack, may act as strategic resource in managing an ongoing change in the domain of the enterprises to attain competitive growth in the SMEs.

From the cultural perspective, some researchers see market orientation as an effective tool that develops the essential culture and practice needed to offer superior utility to the target market, and such consistently influences SMEs effective growth (Hussain *et al.*, 2015; Kumar *et al.*, 2011; Jones & Rowley, 2011). This view arises of market orientation as a culture in SMEs (Amalia *et al.*, 2008; Jabeen *et al.*, 2013), a philosophy (Jawad-Hussain *et al.*, 2016), or combination of both that drive growth in the enterprise.

Hussain *et al.* (2015) and Jawad-Hussain *et al.* (2016) conducted studies where market orientation emphasised the cultural perspective that drives effective growth in the SME. The aforementioned studies also accentuate the values and norms of market orientation in an enterprise that follows the four market orientation behavioural components that drive the enterprise's growth and which this study further explores as its market orientation facets, namely, the customer orientation, entrepreneurial orientation, innovation orientation, and competitor orientation (Hussain *et al.*, 2015; Jawad-Hussain *et al.*, 2016; Jones & Rowley, 2011). Each of these behavioural components is seen as a facet which influences the market orientation activities in the SMEs and they are briefly discussed in the sections below.

3.2.1.2 **Customer orientation**

According to Hussain *et al.* (2015:206) and Jones and Rowley (2011:28), customer orientation (CO) emphasises the customer's importance, their needs and how it can be satisfied by the enterprise through offering them unique and superior product preferences. Longenecker *et al.* (2014) link consumer orientation to the following three concepts: building customers' link; customer relationship management (CRM) and customer understanding management (CUM). According to Longenecker *et al.* (2014), although excellent service may not always translate to a great selling relationship, the following three customer orientation concepts need to be considered:

- **Customers' link** is the need for entrepreneurs to make necessary adjustments when needed to create natural opportunities for personal interaction and relationship with customers in the marketplace. It involves the entrepreneur or manager's careful design to ensure that customers become brand loyal. It suggests that the employees' perception is geared to each and every customer in the business, taking every opportunity to build a lasting relationship that makes customers brand loyal. It is also a deep understanding of customers which many SME entrepreneurs and managers lack, and it acts to guide the one-on-one marketing effort; a level of insight that is made possible by the entrepreneur's painstaking data collection practices in market orientation.
- **Customer relationship management (CRM)** offers a wide range of the enterprise's tactics, formulated ultimately to satisfy the ever-changing customers' desires, and is also structured towards optimising higher turnover and profit from a defined target market (Huang & Li, 2009:291; Overall, 2015:47). This study sees customer relationship management as a significant factor of market orientation because "it cultivates in customers better patronage from sale" which is defined in market orientation as the concept of utilising the newest market practices and innovative techniques channelled towards the effective practice of customer relationships. It also focuses on corresponding with trade business functions, especially as related to the sales and after-sales business in market orientation activities (Carutasu & Carutasu, 2016; Rosenbroijer, 2014).
- **Customer understanding management (CUM)**, according to Longenecker *et al.* (2014), is a strategy that focuses on customers' perceptions of the enterprise. The approach also assumes that potential customers will always learn and gain

something new about the enterprise, and such interaction may influence their desire and resolve for patronage. Such interaction seems to be scant in most SMEs market activities, and it suggests to the entrepreneur or manager that to nurture the act of confidence, patronage and target market utility enhance enterprises long-term performance and is a likely measure for customer loyalty.

The review of the entrepreneurship literature indicates an inconclusive gap in the findings on the nexus of the customer orientation and the market-driven strategies constructs. Although some authors argue that customer orientation favours a market-driven strategies approach in enterprises in the form of innovativeness in the product offering (Sabai-Khin *et al.*, 2012; Overall, 2015; Dagger & O'Brien, 2010), others suggest that an over-emphasis on customers may trigger insignificant innovativeness and bigoted product design that may possibly reduce the enterprise's market-driven strategies capabilities (Batra *et al.*, 2015; Terzivski, 2010). In view of this opinion, entrepreneurs are in search of what the customers truly desires through marketing research. This suggests that the market-oriented approaches of customer orientation (such as, information search, gaining experience from various markets, delivery of customer preferences and needs) may be constrain of enterprises capacity to respond to customers in a timely manner within the market structure that conforms to customer orientation.

Through an understanding of the customers' preferences and the application of customer information market-driven strategic enterprises are able to produce and offer exceptional products or services that satisfy target market needs (Batra *et al.*, 2015). In the same vein, entrepreneurs or managers are able to brace and capitalise their capabilities in building a dynamic and sturdy customer-oriented base that inspires the enterprise to invest in new methods, skills and techniques that influence market-driven strategies in the enterprise. Customer-oriented enterprises are able to put target market interest over and above those of other stakeholders by satisfying the customers' needs, and are always in tune with their preferences (Cheng & Krumwiede, 2012).

It also argued that the inability of most enterprises to maintain a constant market relationship with customers, affect SMEs capacity to understand the market dynamics, predict likely changes in customers' consumption patterns, and put strategies in place to satisfy the ever-changing tastes and fashion of the target market. The enterprises

are also unable to incorporate market intuitions into planning and allocating resources for future operations, and respond to market dynamics by refiguring their resources. The customer orientation resources can be categorised as resource dynamism and resource uniqueness, and enterprises try to use these resources to know what the target market needs, build it into the product development plan, and this influences market orientation practice (Batra *et al.*, 2015).

Dynamic resources place more emphasis on customer resources that are better indicators of the enterprise's effective operations than the actual resources *per se* (Auka & Langat, 2016). Wu (2010), and Zhou and Wu (2010) see resource dynamism in customer orientation as a number of resources that increase the enterprise's market orientation efficiency and effectiveness, and indeed, such resources trigger SMEs to act:

- In collective learning within the enterprises;
- In innovation, collaborative problem-solving with stakeholders; and
- As fundamental drivers that create strategies which assist enterprises to attain positive growth.

Dynamic resources can also be seen from the dynamic capability perspective, and as such, reside in the entrepreneurs or managers capability to configure and refigure their enterprise' routines (Batra *et al.*, 2015; Shirokova, Bogatyreva & Beliaeva, 2016). This implies that as enterprises create and nurture such dynamic capacities through operational resource orientations that are unique and focus on customer orientation, the enterprise has a greater potential to realise higher operational performance (Auka & Langat, 2016).

Resource uniqueness is a customer orientation resource that is peculiar and inimitable to dynamic entrepreneurs (Batra *et al.*, 2015). Zhou and Li (2010) regard such resource uniqueness as:

- operational resources that are inimitable and hard to be copied by competing firms;
- Resources (market orientation) that another company would find difficult to acquire and use; and

- Market strategies adopted by SMEs that ensure and secure its operational secrets, techniques and approaches from competing firms in order to maintain its market share.

The RBV and CBV regard such customer orientation resources as unique resources because they are of high value, superior, non-substitutable, unique, and provide economic rewards for enterprises (Leal-Rodriquez *et al.*, 2015). In economies where SMEs usually face resource restraints, the development of a unique customer orientation resources' portfolio is a better option and a lean way of sourcing for customer information (Zhou & Li, 2010). This is similar to many smaller enterprises facing constraints in acquiring the necessary resources for operational activities. This suggests the need to adopt and utilise customer knowledge and the target enterprise's resources towards entrepreneurial orientation (EO) activities that influence market orientation in the SMEs (Zeebaree & Siron, 2017).

In this perception, instead of customer orientation directly influencing the enterprise's entrepreneurial orientation, it rather influences it through resource dynamism and resource uniqueness to gain a market competitive advantage (Batra *et al.*, 2015:23), see Figure 3.1 below.

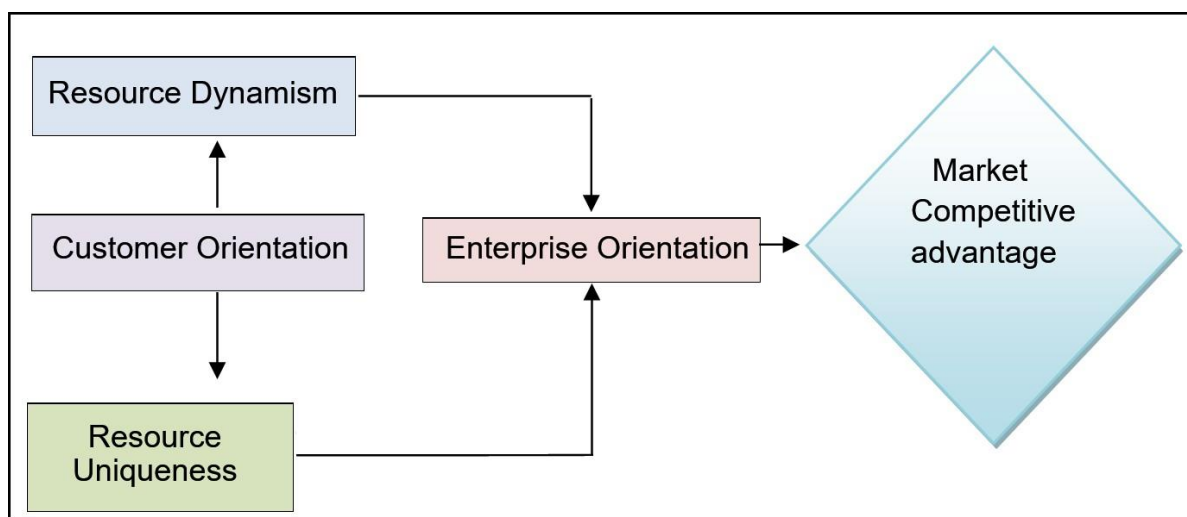


Figure 3.1: Customer orientation influence on enterprise orientation

Source: Adopted from Batra *et al.* (2015:23)

3.2.1.3 Entrepreneurial orientation

According to Gilmore and Pine (2011) and Muthee and Ngugi (2014), the term 'entrepreneurial' is defined in relation to all the practices and behaviour of the entrepreneur, such as behaviour specifically skewed to the enterprise's specifics, and

which influences the marketing practice. Entrepreneurial orientation shows generative or empirical learning where the enterprise is able to re-assess the previous operations, conventions, culture, performances and approaches implemented to customers, competing firms and the business environment (Muthee & Ngugi, 2014).

Kim and Li (2016) and Zeebaree and Siron (2017) link entrepreneurial orientation to the enterprise's market orientation, and see the entrepreneurial business as an enterprise which produces market-oriented products, takes calculated risk ventures, engages in proactive ideas and innovations that are unique and better than its competitors. They advocate innovation, proactiveness and risk-taking as the three primary elements of the entrepreneurial orientation construct. Although Covin and Slevin (2008) have added another element, namely, aggressiveness into the entrepreneurial orientation concept, the entrepreneurial literature maintains that the aforementioned three elements are the main features of the entrepreneurial orientation concept (Abuzaid, 2017; Zeebaree & Siron, 2017:46; Huang & Wang, 2011:564). The section below briefly discusses each of these elements.

Firstly, from the **innovation perspective**, entrepreneurial orientation denotes the readiness to adopt and nurture creativity and a culture of experimentation in the enterprise's market orientation (Zeebaree & Siron, 2017). Creativity and experimentation as outcomes of innovation, introduce new and novel goods or services, uniqueness, and research and development (R&D) of new practices (Huang & Wang, 2011:556). This suggests that such an entrepreneurial-oriented enterprise shows innovation by developing and adopting new strategies, skewed to market orientation. It is proactive by understanding the right factors that contribute to positive growth, and is well-informed in the realisation that taking calculated risks will positively increase the enterprise's market orientation (Abuzaid, 2017; Wang, 2008). Entrepreneurial orientation innovativeness seems to influence the structural base of entrepreneurial assessments, activities and practice. Rauch *et al.* (2009) also regard entrepreneurial orientation as the enterprise's top management's competence to implement innovation in entrepreneurship, and this quickens the enterprise's tactics to achieve its objectives, and support its proactive ideas which drive the market orientation activities in influencing market-driven strategies practice.

Secondly, **proactiveness** refers to the propensity to forecast in a continuous manner the extent of a potential market's requirements and take the required action (Gitau,

Mukulu & Kihoro, 2016). It is the propensity to effect aggressive initiatives that competing enterprises find hard to imitate (Covin & Slevin, 2008). Abuzaid (2017) adds that proactivity is the capability to acquire new market niches, to implement and monitor the tendencies to identify market requirements and the recognition of possible dynamics that may lead to new opportunities and new line of business. Proactivity does not include only the ability to recognise changes, but also the capability to work on it and achieve superiority over competing enterprises. Proactivity acts in keenness of future challenges, expectations or dynamic changes. It is in congruence to procedures, finding opportunities to take advantage of the next market niche.

Thirdly, **risk-taking** is the enterprise's readiness to invest in substantial resources and engage in risky projects, despite uncertain results (Kim & Li, 2014). According to Abuzaid (2017), it is the willingness to assign appropriate inputs in order to initiate and complete a new line tasks that have uncertain outcomes. According to Abuzaid (2017), risk aversion enhances the SME's attitude to search for new business prospects that are likely to improve market orientation, and that risk should be linked to any kind of investment opportunity. Mishra, Barclay and Lalumière (2014) agreed that the degree of risk the enterprise is willing to take may possibly determine its market orientation that could influence market-driven strategies. Mishra *et al.* (2014) further considered leaders of enterprises who undertake higher and more calculated risks than their competitors as more entrepreneurial and market-driven strategic. According to Elston and Audretsch (2011) the degree of risk undertaken between entrepreneurial and non-entrepreneurial firms may differ, and suggest that it is not a unilateral measure to measure return on investment.

The current dynamic business environment indicates that entrepreneurs or managers that are not market oriented or entrepreneurially-driven strategic are unable to survive the twenty-first century market competition (Hussain *et al.*, 2015). In this study entrepreneurial orientation is regarded as a critical driver of the SME's market orientation which may influence market-driven strategies in competitive market scenarios.

According to Hussain *et al.* (2015), competitive scenarios in the market require the entrepreneurial orientation construct in the strategic posture of the enterprise, and as such, it requires a variety of facets, such as entrepreneurial techniques, approaches and decision-making. Entrepreneurial orientation represents the proclivity of the

enterprise towards the identifying and exploiting new market prospects to attain competitive edge (Zeebaree & Siron, 2017; Brouthers, Nakos & Dimitratos, 2015). Abuzaid (2017) maintains that the entrepreneur's capability to identify and exploit new market prospects stems from the influence of 'intelligence insight' in terms of knowledge, visionary and motivating on entrepreneurial orientation. According to Abuzaid's (2017) empirical results, knowledge, vision and motivation are facets of strategic intelligence and have a positive influence on market orientation through entrepreneurial orientation, and ultimately, lead to SME growth.

The positive association between entrepreneurial orientation and market orientation is also described in several different cultural and operational environments, and indicates that as the enterprise takes a calculated risk, this is when it engages in innovative product marketing, it is likely to pay off, as the entrepreneur or manager becomes the pioneer of such unique proactive innovations (Lechner & Gudmundsson, 2014; Rauch *et al.*, 2009). In this case, the entrepreneur or manager is equipped with the necessary operational resources to exploit innovative opportunities in the market better than competitors (Hussain *et al.*, 2015; Rauch *et al.*, 2009). Kraus *et al.* (2012) conclude that entrepreneurial orientation is a strong predictor of an enterprise's market orientation. Although the enterprise's market orientation is not only determined by entrepreneurial orientation, Nur *et al.* (2014) maintain that it is associated with the interaction of the strategy processes and changes peculiar to the economic situations of each country, irrespective of the enterprise's size.

It can be concluded that a positive and significant association exists between entrepreneurial orientation and the market orientation. Such that the entrepreneurial orientation as an indicator, such as proactiveness, has a significant connection to the enterprise's market orientation that may influence competitive growth. Lisbijanto and Budiyo (2014) repeated the study of Frank *et al.* (2010), and Wiklund and Shepherd (2005) to identify the relationship between entrepreneurial orientation and SMEs market orientation, and their findings prove a positive association between the two variables. The studies of Huang and Wang (2011: 566), Wang, Hult, Ketchen and Ahmed (2009) and Stam and Elfring (2008), indicate that in the view of entrepreneurial orientation as a facet of market orientation, it focuses on the SME as a unit of innovation to drive market orientation analysis, and also acts as a yardstick for entrepreneurial-level innovation market-driven strategies. As enterprises focus on

entrepreneurial orientation, it presents it with business philosophy for promoting and pursuing innovation (Huang & Wang, 2011:567).

3.2.1.4 Innovation orientation

In strategic literature, innovation is referred to as the degree of openness to new ways of creativity and flexibility related to the market-driven activities regarding products, processes and marketing practice which drive market orientation in the enterprise (Nibakk, 2012; Lin *et al.*, 2013; Chang *et al.*, 2014; Deniz-Eris *et al.*, 2012; Filser & Eggers, 2014; Kuster & Vila, 2011; Martinez, Vega & Vega, 2016).

Though strategic literature extensively upholds various concepts of innovation, in entrepreneurship, Nibakk (2012) defines innovation as the degree to which enterprises design, develop and produce new-to-market products, industrial practice, procedures and business philosophies. According to Alegre and Chiva (2013), innovation places more emphasis on products, procedures and management coordinates that are new to the enterprise, and possibly new to customers. Innovation is considered to be a critical factor in the firm's operational and functional practices, and the outcomes influence the business competitiveness in the environment (Martinez *et al.*, 2016). In this study, innovation is considered to rest on the premise of obtaining and sustaining a new market share for the enterprise's market-driven strategic performance.

According to Jones and Rowley (2011), innovation is the specific tool that entrepreneurs or managers use to exploit and manoeuvre their operational activities to adjust and sustain their market orientation competitive edge in the dynamic business environment. Batra *et al.* (2015) argue that innovation consists of the successful exploitation of new ideas. Martinez *et al.* (2016) see innovation from the 'capacity perspective' as a key factor which facilitates an innovative entrepreneurial culture, with features of internal capabilities skewed towards understanding and responding to customers' needs, and operating effectively in the dynamic business environment. In this view, orientation is the entrepreneur's familiarisation with and the adaptation to a market situation or to the business environment (Morgan *et al.*, 2016).

Innovation orientation (IO) in this study is defined as the process of implementing a new marketing technique that involves significant improvement in the product design, packaging, placement, utility, pricing and promotion in the market. Although innovation orientation may differ by industry, studies by Jimenez-Zarco *et al.* (2012), Wolf *et al.*

(2011), Hèroux and Fortin (2016) and Kakapour *et al.* (2016) proposed that the practice of innovation orientation barely changes, as it remains an ever-present factor in the three recognised facets of market orientation, namely, customer, competitor, and entrepreneurial orientation.

The upsurge of various entrepreneurial operations in the market, such as the act of identifying new niches, new ways of applying innovation techniques, improved delivery of products to the market, and offering products that suit the customer's utility, are crucial facets of the marketing philosophy (Collison & Shaw, 2001, Jones & Rowley, 2011). Sabai-Khin *et al.* (2012) link innovation orientation to product innovation. In the context of 'product', product innovation is defined as the propensity to which a new-to-market product or service is unique and possesses generative capability (Sabai-Khin *et al.*, 2012).

Meissner and Kotsemir (2016) identified six generations of innovation approaches (namely, Black box, linear, interactive, system, evolutionary and innovation milieu model), and their findings suggest that each successive generation is adaptive to specific elements in the business environment, such as market, technology, consumer tastes and fashion, and delivery approach by suppliers. The third generation approach, 'interactive' is unique because it emphasises high-tech innovation which combines technological prospects with the target market expectations for specific needs, and it thus drives the combination of market pull forces or technological market push. This implies that an enterprise that is market-driven strategic will experience market pull that drives its activities to continuously create innovative products.

Draper (2014) further classified product innovation into three stages, namely, the product-oriented stage, market-driven stage and combined-drive stage, as follows:

- **Product-oriented stage:** is the process which emphasises product-orientation rather than customer-orientation (Draper, 2014). In this process, products are designed by the enterprise with the intention that they will meet the customers' tastes and fashion. This implies that the stage is considered to be the market scenario driven by the entrepreneur or manager's competencies, capabilities and the delivery of goods that are intended to satisfy the target market needs. Competition soon escalates as customers are bombarded with similar products, and they become cynical and selective in their purchase pattern. During this

process, marketers may find the persuasive sales technique less effective to obtain the desired turnover from the target market, and this suggests the market-driven approach;

- **Market-driven phase:** is marked as the market dynamics being the propeller that influences innovation activities, rather than technology as driver (Draper, 2014). This implies that innovated product creation is developed into the market-driven stage after extensive market research has been done that suits the target market needs. Then the innovated product process is handed over to the marketer to effectively deliver the products to target customers; and
- **Combined-drive phase:** is the modern new product development method that blends the two orientations into an approach of innovation. It emphasises that enterprises recognise innovation as an extensive procedure which demands significant investment in research and development (R&D), this suggests the adoption of pragmatic marketing strategies that focus on delivering satisfaction to the target market.

Studies by Rosenbusch *et al.* (2011) and Raju *et al.* (2011) examined the association between innovation and market orientation, and their findings indicated that entrepreneurship and innovation have positive effects on the enterprise's market orientation. This implies that innovation provides links to SMEs in various ways, for example, Batra *et al.* (2015) link innovation to SMEs as having the potency to spur changes in innovation and technology that influence SMEs' market orientation dynamism and proximity to the target market.

Although large enterprises can obtain comparative advantages from investing their resources in high innovation processes and thereby attain cost advantages, and studies indicate that SMEs are known to possess unique capabilities in creating innovations that influence target customers' needs (Batra *et al.*, 2015; Zeebaree & Siron, 2017). This is due to the smaller enterprises' comparative influence on internal business dynamics, the entrepreneurial motivational spirit, and flexible communication approach, which influences new skills and capacities in the enterprise. In addition, these attributes may allow smaller enterprises to optimise their better position, exploit outside knowledge and exhibit a level of productivity similar to that of large firms. De Oliveira and Kaninski (2012), Huang and Wang (2011) added that due to the SMEs'

flexible innovation, the culture of developing new-to-market products is an internal, flexibly advantage they can routinely enact.

Innovation is considered as a critical concept in market orientation through which most SMEs could achieve market-driven strategies in many developing countries. Leal-Rodriguez and Albort-Morant (2016) consider the innovation outcomes on SMEs' growth to be due to its mediating influence from market orientation experience. Though an enterprise's innovation process is highly dependent on the existing market innovation, notwithstanding, the enterprise needs to be driven by market forces. This implies that such a market drive causes the enterprise to always be cautious of the ever-changing tastes of the target market, and also of the competitors in the market environment.

Most empirical studies in entrepreneurship that focus on innovation argue a positive link between the enterprise's innovativeness and business market orientation, and they state that one possible source of competitive growth may be through either product or process innovations (Jones & Rowley, 2011; Huang & Wang, 2011; Hussain *et al.* 2015; Zulu-Chisanga *et al.*, 2016). It is widely accepted that enterprises that patronise innovation are more likely to survive, be market-driven strategic and experience growth.

Enterprises with a culture skewed towards creativity and innovative practices are probably equipped enough to sense and exploit obscure niches for their competitive gains. For example, Jones and Rowley (2011) examined innovation in relation to market orientation and their findings indicate a positive significant relationship. Innovation literature also emphasises that innovation orientation plays the adaptive role of procedure rejuvenation, where enterprises take steps to rejuvenate their resources base by recombining current resources, and in so doing they develop new products and other production components that may influence SMEs market orientation.

Notwithstanding the various attributes accorded to innovation as the driver of new processes in production process, a crucial question that researchers ask, is to what degree innovation drives the enterprise's market orientation? Evidence by Liao and Rice (2010) indicates that an accurate answer is multifaceted and is conditional on various factors. In their findings it shows that the enterprise's market orientation is

highly influenced by its innovative approach. It notes that, although the enterprise's innovation practice is crucial, there are not enough pre-determinants for the enterprise's market orientation in the competitive business environment. Rather, entrepreneurial market orientation is an influence from the innovation base which is highly dependent on the mediating effect through market transformational influences and effects (Liao & Rice, 2010).

This involves three kinds of transformational effects, essentially developed from the Schumpeterian models as follows:

- Innovations or modification in the product ranges;
- Effective distributional channels of products/services; and
- Timely and specified market targets.

According to Jones and Rowley (2011), the enterprise's associated innovation practices can influence its market orientation in the case of the real world when it is endowed with significant market resources to allow its dynamic adjustments to market (to respond to, anticipate market dynamism and ever-changing customers' tastes). This invariably means that SMEs have to innovate and compete with large enterprises, while searching for more market-driven prospects that are unique and in the markets.

In this study, innovation orientation is perceived as an initiator of competitiveness, empowering enterprises to operate and perform well and it prepares them for future growth (Hassan & Hart, 2016). In investigating the link of innovation orientation with enterprise growth, studies have indicated that innovative enterprises outpace those enterprises that are less biased to innovativeness, profitability and growth (Verhees *et al.*, 2010). In turn, SMEs are found to make a positive and significant contribution to the innovation and technological improvements which influence their growth (Ngugi, Ng'ang'a & Odhiambo, 2013).

Some researchers have also investigated the innovation orientation-growth association and found that innovation enhances the production process, market operation and financial growth of enterprises (Hassan & Hart, 2016; Ngugi, *et al.*, 2013). Limited innovation orientation processes exist in the entrepreneurship literature due to the primary emphasis on innovation (patent and copyright) instead of the entrepreneur's intrinsic capabilities (Leal-Rodriguez & Albort-Morant, 2016). The

preceding discussions on market orientation and innovation research studies seem to show an affirmative association between innovation and the enterprise's competitive growth, and as well as market orientation and the innovative approach, as illustrated in Figure 3.2 below.

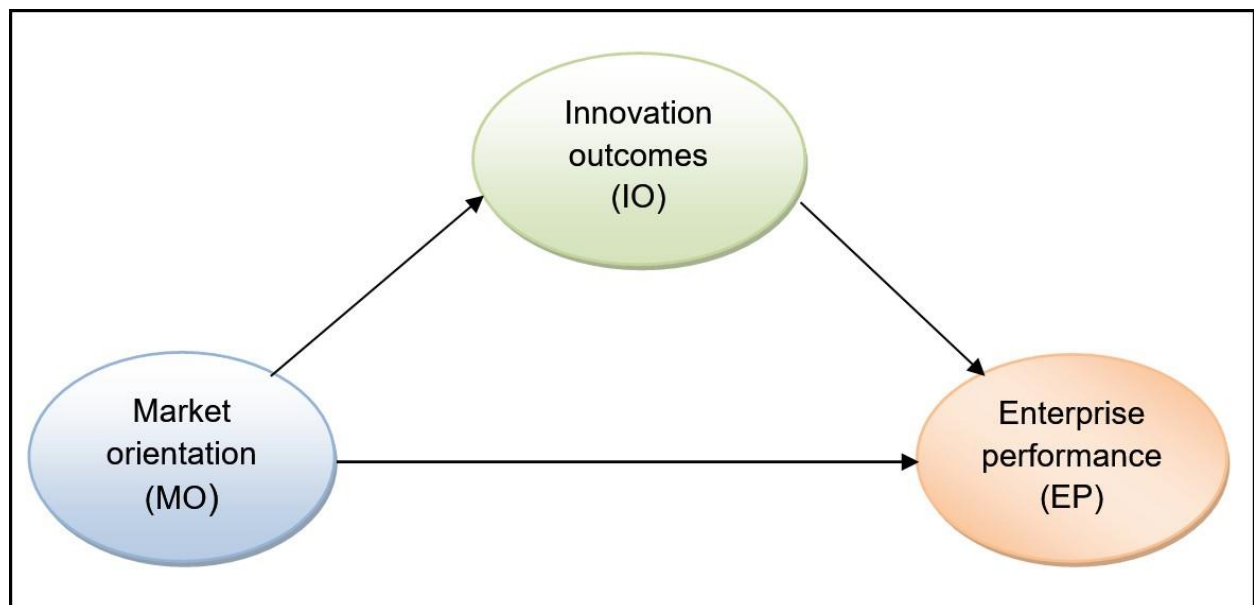


Figure 3.2: Market orientation, innovation and growth (performance) outcomes

Source: Adapted from Leal-Rodriguez & Albort-Morant (2016:40)

The market orientation link to innovation orientation is the enterprise's capacity to cope with concrete market-driven changes, and links to the entrepreneur's competitor orientation could influence the entrepreneur's knack to understand, manoeuvre its business strategies in the dynamic business place to drive growth in the enterprise.

3.2.1.5 Competitor orientation

Competitor orientation is defined as the process where the entrepreneur understands its short-term and long-term strengths, weaknesses, strategies and competencies of key competing enterprises, and adopts counter-strategies to maintain its market share (Hussain *et al.*, 2015; Kumar *et al.*, 2011; Sabai-Khin *et al.*, 2012:745). The review of competitor orientation literature indicates that, there are a few inclusive empirical studies on the nexus between competitor orientation and market-driven enterprises in the literature (Halliru, 2016; Sabai-Khin *et al.*, 2012). Enterprises that are competitor-oriented are seen as those with market-driven strategies that out-perform key competing enterprises by offering market-driven products to target markets even before they sense any competitors' offers (Kumar *et al.*, 2011).

Hussain *et al.* (2015) and Kwak *et al.* (2013) link competitor orientation as a strategy for the entrepreneur's inter-functional coordination ability, and seen as a competitive strategy of the enterprise's market orientation. The inter-functional coordination strategy in this case, is seen from how the functioning and operating departments of the enterprise are coordinated and how they harness strategic resources to offer an inimitable value to customers (Hussain *et al.*, 2015). According to Hussain *et al.*, (2015); Saini & Mokolobate (2011), the inter-functional coordination affects the direct relationship to different aspects of the enterprise to attain market orientation, such as developing new-to-market products, overall enterprise growth and profitability. Various other dimensions are new-to-market product high growth, overall turnover growth, and changes in profitability compared to the previous years (idiosyncratic), financial, non-financial and efficiency (subjective) (Kwak *et al.*, 2013).

The superior value of inter-functional coordination in utilising entrepreneurial resources is the link to a niche upsurge in the enterprise, and as such, it is an association which could provide an antidote for niche strategy to market orientation. According to some authors, such as Smirnova *et al.* (2011), Vorhies *et al.* (2011) and Ngo and O'Cass (2011), the niche strategy is associated with higher levels of market orientation. This is because most entrepreneurs or managers are noted for their capability to identify, differentiate, refine and implement niche strategies that could influence market-driven strategies in the enterprises. The niche strategy in concert with competitor orientation is important to an enterprise's market orientation. This suggests that the niche strategy allows entrepreneurs or managers to provide meaningful market development to the enterprises, in line with the target market, and to compete effectively in the business environment (Smirnova *et al.*, 2011; Vorhies *et al.*, 2011; Ngo & O'Cass, 2011). The four encompassing facets (CO, EO, IO and CPO) of market orientation as conceptualised by Jones and Rowley (2011) are seen to play a strategic role in the SME's market-driven strategies for competitive growth.

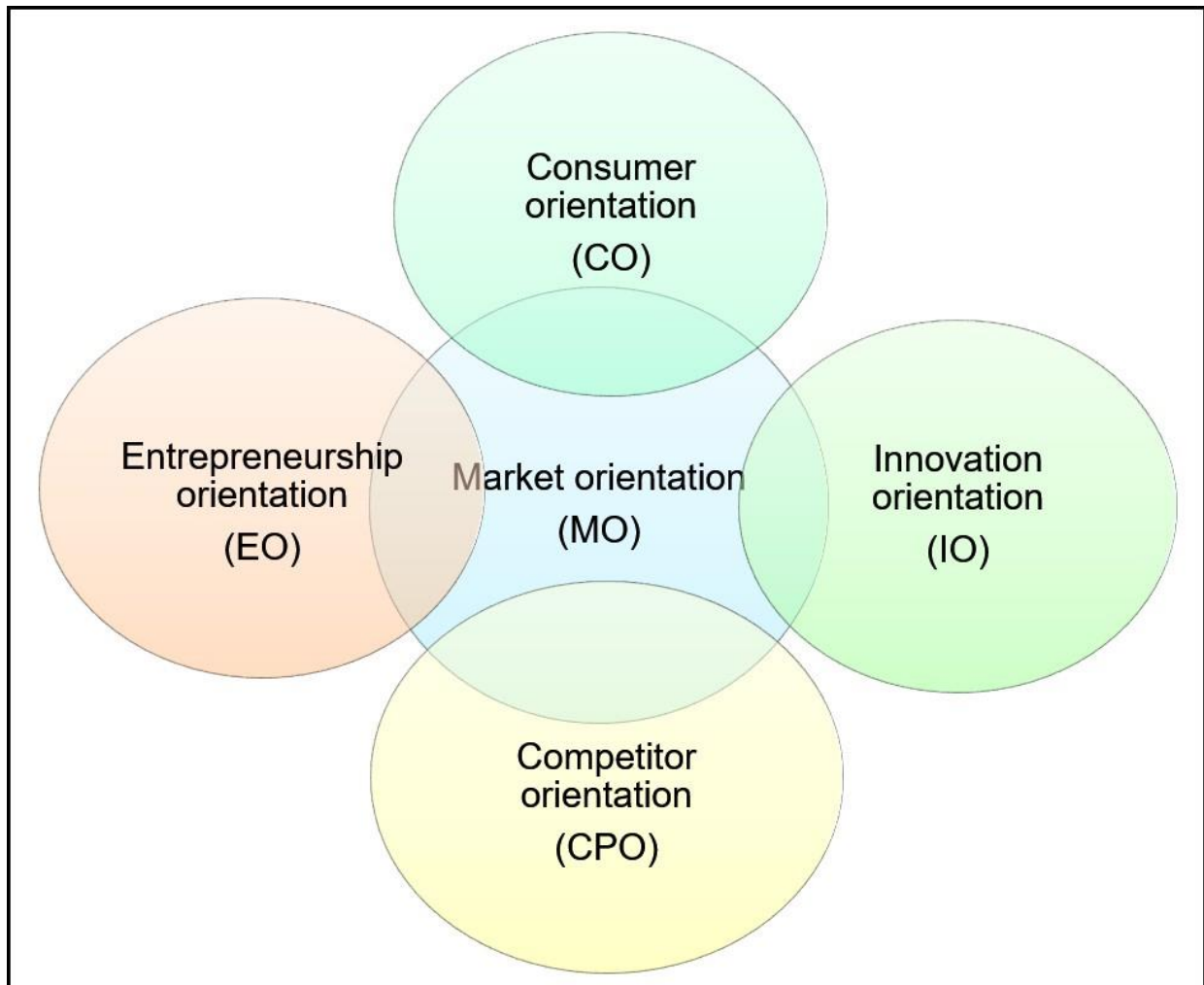


Figure 3.3: Market orientation and related facets: Customer orientation, Entrepreneurial orientation, Innovation orientation and Competitor orientation

Source: Author's own compilation (2019).

The above complementarity of customer orientation, entrepreneurial orientation, innovation orientation and competitor orientation to market orientation when nurtured by SMEs could be an affirmative option to market-driven strategies and competitive growth.

3.2.2 Entrepreneurial marketing

According to Kurgun *et al.* (2011), Garcia-Ramirez *et al.* (2014) and Westerlund and Leminen, (2012), the concept of 'entrepreneurial marketing' is to an extent obscure and difficult to grasp. Muthee and Ngugi (2014) define entrepreneurial marketing as the marketing of the entrepreneurship activities in the enterprise. It is an activity that is domiciled especially in smaller enterprises practice (Westerlund & Leminen, 2012;

Hills *et al.*, 2010; Kwak *et al.*, 2013). This suggests that the understanding of entrepreneurial marketing implies exploring the marketing tactics, techniques and strategies that influence SMEs to produce unique products or services that satisfy customers.

According to Muthee and Ngugi (2014) entrepreneurial marketing is found in SMEs that implement effective entrepreneurial activities, such as in turbulent business environments, where entrepreneurial marketing's effectiveness drives the enterprise's market operational resources to sustainable growth. Such entrepreneurial marketing influences market resource capabilities in the entrepreneur or manager's effective marketing practice, as well as the entrepreneurial activities in the competitive business environment (Muthee & Ngugi, 2014).

From the entrepreneurial marketing concept developed by Gilmore and Pine (2011) explained that the approach can influence the enterprise's growth if:

- It is entrepreneurially driven;
- It is explorative, attitudinal, behavioural and opportunistic;
- It is intrinsically oriented and intuitive; and
- The enterprise's operation is proven to be driven.

According to Kurgun *et al.* (2011) and Fillis *et al.* (2016), the understanding of entrepreneurial marketing as a synergy is displayed in the relationship between entrepreneurial and marketing orientations that largely influence the entrepreneur or manager's expertise, resource development and implementation, and drives their competitive market advantage and profitability.

Early scholars in entrepreneurial marketing practice, Miles and Arnold (1991) indicated that entrepreneurial marketing influences market-driven SMEs to systematically improve their enterprise's marketing-oriented approach with salient factors that practically exhibit in market-driven strategies. Among these factors inherent to entrepreneurial marketing are the following: the capability of the entrepreneur or manager to use its innovative resources to leverage its activities in the dynamic business environment, pursue for competitive edge, and the enterprise benefits from it (Darroch & Miles, 2011). Darroch and Miles (2011) also argued that entrepreneurial marketing processes are niche-driven innovative practices that influence the

production of continuously new-to-market products, and that allow entrepreneurs or managers to identify and exploit new prospects to create innovative-based gains. This implies that entrepreneurial marketing practice alters the current market's *status quo* to achieve a competitive edge for the enterprise.

Sarasvathy and Venkataraman (2011) and Fillis *et al.* (2016) link entrepreneurial marketing to effectuation logic, this is especially predominant during the start-up period. According to Read *et al.* (2009), effectuation is highly experimental during the business creation period and depends more on the competencies of the entrepreneur or the manager. The review of entrepreneurial marketing literature indicates that the concept has been refined over time to integrate a marketing culture that shapes the overall enterprise's operations, techniques and philosophy (Sarasvathy and Venkataraman, 2011). This suggests that effectual decision-making is a necessity, particularly during any ambiguity in the business environment, and requires that the enterprise creates products that meet the target market needs. According to Fillis *et al.* (2016), the entrepreneur or manager's intrinsic capability, to a high degree, modifies the practice of entrepreneurial marketing that influences the enterprise's dynamism in identifying unique niches and taking calculated risks that are synergic to SMEs in the highly dynamic business environment.

Entrepreneurial marketing relies highly on the choices and capabilities of the entrepreneur or manager, and successive effectual results of his/her understanding in managing the business operations (Bosworth & Farrell, 2011). This is an important fact congruent to the internal values of entrepreneurs or managers in entrepreneurship practice, which reflect a high degree of entrepreneurial culture and competence (Bosworth & Farrell, 2011; Komppula, 2014). Setiowati, Daryanto and Arifin (2015) link such competencies to marketing capabilities, which is one of the functional capabilities designed to allow employees to jointly solve the enterprise's marketing challenges.

The study of Setiowati *et al.* (2015) conceptualised marketing capabilities into eight techniques as a means of delivering a unique offer to the target market, namely, unique customers' service tactics, marketing and promotion engagements, sales representatives' excellence, excellent distributional channels, market focused marketing resources, product segmentation, articulate process in introducing innovated products to market, and systematic marketing research. Gilmore and Pine's (2011) study investigated six marketing processes for proof of marketing abilities

related to the target market, namely, marketing research, pricing, product creation, distribution networks, promotion activities, and marketing coordination, and the findings indicated a positive and significant association between the market strategy abilities of the entrepreneur or manager and the target market's functional areas to attain significant growth. In this acuity, as a necessity in entrepreneurship in SMEs practice, the researcher argues that through entrepreneurial marketing, the entrepreneurs or managers' capabilities approach can serve competitively to influence the enterprise's effective operation to attain competitive growth.

3.2.2.1 *Entrepreneurship in SMEs*

Although a single definition of entrepreneurship does not exist, commonly accepted definitions have been postulated by many authors related to various aspects in the social sciences (Yeasmin, 2016:131). For example, European economists sought to define entrepreneurship based on how entrepreneurs or managers behaved, while Holt (2011:8) defined entrepreneurs as people who make conscious decisions about resource allocations, thereby seeking higher yields for their money and materials.

Holt (2011) describes entrepreneurship as the process of transforming inputs into goods and services of superior value to consumers. Schumpeter extended the concept to include the importance of innovation. Drucker's (2015) view is that entrepreneurship is the systemic act of entrepreneurs creating incremental value by taking calculated risks related to venture funds, time and professions to create goods or services of value for a specific market. The concept can also be viewed as the practice involved in designing, developing and producing a new-to-market product by infusing the necessary resources and accepting possible risks to achieve the specific market goal.

Entrepreneurship in SMEs is seen as the systematic means through which the entrepreneur creates incremental wealth (Holt, 2010:7). This wealth is an outcomes of persons who took certain critical risks in terms of obtaining the necessary loans, their occupation and other resources to produce the needed goods or service for the market. Even if the offer to the market is familiar to the entrepreneur or manager, securing the necessary skills and resources must somehow infuse value to the practice.

In Schumpeter's words, entrepreneurship in SMEs is basically involves enterprise practices that are not common practice as routine activities, but which are geared

towards achieving specific objectives. He described entrepreneurship in SME as a process which entrepreneurs (as innovators) or managers (as intrapreneurs) use to disrupt current business practices by combining the necessary resources and new techniques of the enterprise (Holt, 2011). Baluku, Kikooma and Kibanja (2016) and Leviäkangas, Schneitz and Aapaoja (2016) perceive entrepreneurship in the SMEs to involve understanding the needs of specific customers and creating products or offering services to meet their expectations.

From the above definitions of entrepreneurship in SMEs, the concept seems to be about target market and the act of satisfying its needs. Entrepreneurship is an important concept that drives various economies to achieve economic growths and to sustain their socio-economic developments. In this regard, Holt (2011) notes that in the well-known work by Adam Smith (1776) and Smit (2010), “The Competitive Advantage of Nations”, entrepreneurship in enterprises is at the heart of economic growth of economies and their sustainability. It implies that a high number of entrepreneurs and managers of enterprises are needed to grow the economy due to their flexibility, adaptability to a dynamic business environment and their capability to satisfy the ever-changing tastes and demands of the target markets.

Rigotti, Ryan and Vaithianathan (2011) link entrepreneurship in the SMEs to optimism as a vocational occupation that people choose over formal employment options, in line with their personality, expectations and future self-actualisation. This explains that entrepreneurs or managers of enterprises are mainly inclined to a peculiar and unique dispositional optimism where they see positive outcomes from obscurity. Although optimism constitutes part of the intrinsic traits of an entrepreneur, the entrepreneurship approach in entrepreneurial marketing seems to be higher in self-efficacy that drives the entrepreneur’s confidence towards market-driven strategies.

Webb *et al.* (2011) and Zaberaree and Siron (2017) maintain that entrepreneurship in the SME is proactiveness, innovativeness, and risk-taking that influence the entrepreneur or manager’s commitment in product-market innovation and in undertaking pragmatic and risky projects that gear it to be market-driven strategic. This means the entrepreneur is known to always pioneer proactive innovations which hit competitors with no choice but to be reactive. Entrepreneurship in SMEs also encompasses the exploration of new prospects, as well as exploring those revealed enterprise opportunities (Webb *et al.*, 2011).

The scholars, Chai and Sa (2016), view 'exploration' as representing entrepreneurial activities and entrepreneurial values. The term 'exploration' is used because it describes 'concepts' or 'terms' that are categorised by terminology, for example, examine, risk-taking, disparity, flexibility, testing market, innovation and market sensing (Zaberaree & Siron, 2017). To pursue explorative activities, an entrepreneur is involved in innovative, proactive, and risk-taking that can be accomplished through entrepreneurial activities (Chai & Sa, 2016).

For the purpose of this study, 'entrepreneurship in SME' is defined as the act that adopts the techniques of reallocating unique inputs to new niches, driven by the entrepreneur or manager in exploiting new opportunities that are intuitive and effective in terms of the market-driven strategic process, and are profitable to the enterprise. This suggests that the definition certainly includes all the views on the subject, and it recognises the possibility that entrepreneurship in SMEs may contain both individual traits and behaviour-related skills. This means that entrepreneurs or managers are perceived as possessing certain entrepreneurial skills that follow marketing competence, and that allows them the capabilities in entrepreneurial marketing in relation to engaging customers in the enterprises.

3.2.2.2 Customer relationship and engagement

In the literature on customer relationship management (CRM), as discussed previously, the term 'relationship quality' refers to the total potency and efficacy of the association of resources that satisfy the target market wants, expectations of the enterprise's stakeholders, and is significant to maintaining its long-term relationship with the enterprise's customers (Singh *et al.*, 2012).

According to the extant marketing research, enterprises that operate with a high degree of customer relationship management, see customers as the top-most factor in the enterprise's chart, and they search for adequate information to satisfy the customers with quality goods or services (Kakapour *et al.*, 2016). Morgan, Anokhin Kretinin and Frishammer (2015) argue that, in combination with a sturdy tactic to generating market intelligence and its utilisation in the enterprises, market-driven enterprises will be able to establish an adequate relationship with their customers, and be able to identify and adequately supply the target market's current desire for products, and for future latent needs.

This suggests that the relationship quality of the entrepreneur or manager comprises of the dedication, customer confidence and utility that the enterprise's customers have gained during the patronage experience (Athanasopoulou, 2009; Jeffery, 2015). According to Jeffery (2015), nurturing, promoting and the effective management of customers' relationship influence the useful information access, dissemination and utilisation of market opportunities. This means that enterprises that nurture, promote and effectively manage customers' trust and satisfaction will consistently not only gain innovation in practice, but may be able to attain market-driven strategies and display superior performance to competing enterprises, and such, it could be termed relationship quality.

The review of customer relationship management literature indicates that, there is limited literature on the relationship quality within the context of entrepreneurial marketing's influence on the SME's effective market-driven strategic operation. In the customer relationship management literature, relationship quality is seen as the total degree of influence the SME rapport has that is potent enough in consistently meeting the desires, expectations and needs of the enterprise's target market (Overall, 2015). The relationship quality may not only be relevant to the SMEs, but also to the market-driven strategic scenario of entrepreneurial marketing to the enterprises attaining competitive growth. This is because relationship quality includes **trust**, **satisfaction**, and **commitment**, and evidence in Dagger and O'Brien's (2020) study indicates that they influence customers' patronage, which in turn, drives the enterprise's long-term productivity and profitability.

According to Huges *et al.* (2015), '**trust**' is referred to as being 'very customer-oriented', and which offers outstanding customer service without compromise. It is **satisfaction** when customers are targeted through unique, superior products and excellent customer service that meet their needs. As a result, the enterprise offers the right mix in terms of products and services according to the demand for them (Huges *et al.*, 2015). **Commitment** is seen as frequently and continually providing innovative solutions, fair dealing and conducting business in an ethical way. Business is conducted in terms of high quality services, rather than low cost to customer's satisfaction, and such influences the quality relationship with the target customers that may drive market-driven strategies.

According to Gronum, Verreyne and Kastle (2012), and Eisingerich, Rubera and Seifert (2009), relationship quality positively impacts on the novelty perspective of the enterprise and capacitates its operations for entrepreneurial marketing. This means such an influence is important in developing and consistently managing a long-term relationship with the customer (Overall, 2015; Singh *et al.*, 2012).

Hudges *et al.* (2015) perceive the quality relationship with the customer from the quality of the product and the price-driven perspective. Seen from the quality perspective, it is the process whereby entrepreneurs or managers create and build the name for the enterprise, based on added value for the type of product/service offering, and as such, builds a reputation that brings new clients, as well as maintaining the loyalty of old customers (Eisingerich *et al.*, 2009; Gronum *et al.*, 2012). Such added value in products can also be seen in the total design and aesthetic appearance, material inputs, construction quality, and all of these together influence entrepreneurial marketing in the enterprise (Overall, 2015; Dagger & O'Brien, 2010).

Jeffery (2015) considers the commitment achieved from the valued relationship, and also when customers' interests are promoted, to earn confidence and trust in the enterprise, which is a consequence of the engagement practice in entrepreneurship marketing approach. According to Kuofie *et al.* (2015), engagement exists when the enterprise is able to gain prompt feedback from customers about its products and its performance.

Engagement becomes effective when it is built by enterprises to understand their customers' needs and relationship marketing (Kuofie *et al.*, 2015). It is relationship marketing when the enterprise is involved in business-to-customer marketing, and as such, it is an effective approach because it may establish better and direct connections between the parties, but may not absolutely focus just on the turnover. This gives the entrepreneur or manager the opportunity to see the customers and the enterprise as value of concern, and to create a better opportunity for the enterprise to also get to know its customers at close contact. This could be subject to the enterprise's capacity and size. The enterprise gains higher customer loyalty and satisfaction to establish timely and long-serving relationships, which could positively influence entrepreneurial marketing.

3.2.2.3 Customer satisfaction

Research by Kohtamäki *et al.* (2015) and Balmer and Chen (2015) investigated customer satisfaction from the service-orientation perspective of entrepreneurial marketing. They defined service orientation as the value the enterprise placed on quality and excellent customer service in entrepreneurial marketing. As such, quality and excellent customer service have a high influence on customers' satisfaction and patronage (Balmer & Chen, 2015; Theoharakis *et al.*, 2009). Customer's satisfaction and patronage are seen to be interconnected and highly associated with SMEs' entrepreneurial marketing (De Canniere, De Pelsmacker & Geuens, 2010; Dagger & O'Brien, 2010; Kuofie *et al.*, 2015). Vyas and Raitani (2015) regard satisfaction as one of the most commonly used aspects of the relationship quality construct. This indicates the researcher's view that from the satisfaction perspective, customers with high satisfaction from previous transactions and experiences will have higher purchase behaviour and loyalty. Such service-oriented practice by SMEs could lead to customers' loyalty and patronage, which in turn, drive the enterprise's turnover and competitive growth.

According to Kohtamäki *et al.* (2015), the philosophy of service orientation and effective human-resource culture highly and significantly influence the value of customer satisfaction and the relationship. Study by Kohtamäki *et al.* (2015) and Kohtamäki *et al.* (2013) found that the network capacities of enterprises are facilitated by the business entrepreneurial marketing to attain growth on sales. The perspective-based metrics, for example, also contribute to the entrepreneurs or managers of SMEs obtaining the needed expertise to assess if their enterprises are performing in congruence with satisfying the target customers' demands (Omoyza & Agwu, 2016). This suggests that the based metrics is a customer-perspective approach that provides a mechanism that increases the concern for customer satisfaction (Agwu & Carter, 2014; Omoyza & Agwu, 2016).

Customer satisfaction can be viewed from the entrepreneurial marketing effect of the service strategies of the enterprise. It can be seen from the influence of the service orientation that fosters quality and excellent customer service, positive feedback from customers, improvement in customers' loyalty, patronage, and ultimately, the enterprise's entrepreneurial marketing. Service-oriented practice could also enhance

improved service turnover, if the enterprises possesses a good reputation and has high visibility in the business environment.

A research study by Johansson and Anselmsson (2012) indicates that service orientation in the form of verbal communication on effective customer service practices is also found to influence the higher turnover of the enterprise. This influence is facilitated by improved service from staff committed to excellent service and that enable service delivery efficiency through consistent customer engagement and participation (Hong *et al.*, 2013). Service orientation provides the channel where SMEs are familiar with the specific demands of the target market, and minimising informational asymmetry and other operational costs between customers and the enterprise (Hong *et al.*, 2013; Kohtamäki *et al.*, 2013).

The focus on customer satisfaction has influenced customers' superior quality and value utility, and as such, has caused brand loyalty and higher purchasing behaviour in many customers (Singh *et al.*, 2016; Nomita, 2016). To gain such loyalty and patronage requires constantly meeting customers' taste and fashion demands in the highly competitive business environment, which could influence on SMEs' competitive growth.

3.2.3 Competitive intensity

Porter (2014) defines competitive intensity as a process that focuses on a tool for understanding target market perceptions of brands, and finding unique and differentiable brand positions to satisfy customers in a dynamic market. This implies that as competition in the market increases, the enterprise directs attention to the market and expands product lines, if necessary, to secure a unique position in the customers' minds (Abuzaid, 2017; Nomita, 2016). In terms of competition, competitive intensity is defined as the level of contest that the enterprise has to contend with, and in which it is expected to adequately manoeuvre its market-driven strategies activities to attain competitive growth. Asikhia (2010) and Gajowiak (2015) also argued that since the relatively stable competitive environment is being replaced by a highly intense environment, SMEs need to increase their market dynamism. This is because many products currently have shorter life cycles, and consumers change their tastes and preferences faster. This suggests that there is high market rivalry for short

intervals that influence the competitive intensity strategies (Asikhia, 2010; Sharpe & Currie, 2008).

For the purpose of this study, the perspective 'competitive intensity' (COMPINT) is defined as the process whereby the entrepreneur or manager knows their own short-term strengths and weaknesses, and is also aware of the long-term competencies and approaches of major competing enterprises, and then, develops market-oriented and market-driven strategies for its market competition.

Generally, the limited capacity of most SMEs to shape their environment (as found in larger enterprises) has compelled them to concede and submit to the environmental dynamism (Serviere-Monoz *et al.*, 2013). This may bring SMEs both opportunities and threats, depending on the market-driven strategic culture (Baron & Tang, 2011).

According to Alpan *et al.* (2007) and Serviere-Munoz *et al.* (2013), the market-driven culture of entrepreneurs or managers work best in dynamic markets, if competitive intensity drives the enterprises market-driven strategies with adequate abilities in:

- Sensing and delivering the needed required tastes and preferences to their target customers; and
- Creating and designing adequate techniques that are needed to effectively and efficiently respond to the dynamic business environment.

Gergely (2016) and Tang and Tang's (2014) findings indicate that environmental variables, such as competitors' actions and developments, have different influences on the various sections of the enterprises, and many SME entrepreneurs or managers are hardly aware of the various environmental variables. Halliru (2016) and Alpan *et al.* (2007) suggest that this is due to many entrepreneurs or managers being oblivious and failing to adopt a strategic marketing approach that understands the competitors' actions and developments in the marketplace. This suggests that they become more occupied with reactive approaches, rather than those effecting proactive strategic modifications.

3.2.4 Technological dynamics

Serviere-Munoz *et al.* (2013) define dynamism as an environmental factor that takes account of the rate of unforeseeable environmental changes and the stability of the environment. Dynamism influences the rapid creation of new skills and techniques,

which has intensified competitive rivalry, and increased the diverse demand of the target market's expectations. The influence of dynamism in some SMEs is seen in innovativeness that leads to the effectiveness of a market-driven enterprise (Atalay, Anafarta & Sarvan, 2013; Story, Boso & Cadogan, 2015). This implies that SME entrepreneurs or managers expecting to favourably compete in domestic and foreign markets need to adopt and improve their technological innovativeness in activities that add value to goods or services, and should be able to compete with their competitors (Rosenbusch *et al.*, 2011; Tang & Tang, 2016; Wang, 2014).

An SME's market responsiveness in terms of technological innovation measures the degree of creativity and innovativeness that is capable of triggering both a radical and a novelty influence on new-to-market products and techniques (Story *et al.*, 2015). This reaffirms the entrepreneur or manager's place in current markets, while penetrating new opportunities in the markets and showing the capability to differentiate marques from competing enterprises, and the ability to cope with market dynamics (Boso, Story & Cadogan, 2012).

Zulu-Chisanga *et al.* (2016), Setiowati *et al.* (2015) and Asikhia (2010) define market responsiveness from the technological innovative perspective as an exogenous technical and practical influence on improvement that changes the methods, practices, procedures, and constituents necessary to produce an enterprise's products to meet the target market demand. From the perspective of technological modifications, as an exogenous technical influence, it is a predictable hypothesis or postulation which is skewed to technological incoherence in some capacity-centred studies. To consider technological modification as an exogenous technical event, is a conservative hypothesis into technological discontinuities in some capability-centred research.

When an enterprise introduces a new technology, it certain factors are required that will allow it to be capable of strategically competing with large enterprises in a more liberal and open market environment (Zulu-Chisanga *et al.*, 2016). According to Nomita (2016), even when SME entrepreneurs or managers are inventive and flexible, they lack adequate capability in solving market challenges because of their inability to respond and manage the dynamics associated with new technology, when it is related to new products and being market-driven strategic.

Although the various sectors have different requirements in terms of the frequencies and proportion of technical processes and methods for innovative modifications, the entrepreneur's technological innovation and capability can enable the enterprise to be more cost-effective in producing goods than their peers using outdated technology (Subairu, 2016). Studies indicate that most SMEs lack better technology that could afford their enterprises a better opportunity to achieve high production capacity and to leverage costs effectively to maximise optimal returns (Tang & Tang, 2016; Wang, 2014). This study argues that improved technology expands the SME's position in the market in response to competition and allows more opportunities for effective operation that is a sequel from the market-driven strategies to attain competitive growth.

The next section discusses access to finance as it relates to the influence of the four specific factors on SMEs.

3.3 ACCESS TO FINANCE

The extant literature on access to finance (ATF) in entrepreneurship is immense, with regard to the rapid development of market-driven economies (Bassell & Friedman, 2016; Ghosh 2016; Kostov, Arun & Annim, 2015; Stiglitz & Weiss, 1981). Studies indicate that SMEs face fierce market competition that is derived from their inability to access the necessary funds required for their enterprise (Machmud & Huda, 2011; Bhalla & Kaur, 2012; Kremp & Sevestre, 2013; Kostov *et al.*, 2015). The literature on entrepreneurship highlights the contribution of SMEs in fostering various countries' economic development, for example, by driving creativity and innovation, while making significant contributions to the countries' GDPs. Despite that, SMEs still face huge financial access paucity as a result of credit constraints from banks (Ghosh, 2016; Abor *et al.*, 2014).

This section of the study addresses the SMEs' finance-related concerns, with regards to specific issues of factors (financial information access, structure of bank, bank and business support services and collateral requirement) influencing access to bank finance that may possibly influence the enterprise's competitive growth. This implies that access to finance is conceptualised under the aforementioned four factors (financial information access, structure of bank, bank and business support services

and Collateral requirement). This is because issues of access to finance crisis are perennially affecting the SMEs' effective operations.

There is a multitude of literature positing that the SMEs' access to finance is a dominant constraint to the growth of enterprises (Ingabire, Shukla & Memba, 2016; Abor *et al.*, 2014; Harvie, 2011; Mazanai & Fatoki 2011). Machmud and Huda (2011:262) accentuated that access to finance constraint is one of the major challenges SMEs face in most developing countries, and it is particularly derived from formal financial institutions. The general norm is that SMEs generally have limited financial resources. This suggested that, most SMEs face a dearth of finance funds required to develop, expand their operations, and effectively respond to competitor in the sector (Subairu, 2016; Quan, Thu & Thu, 2016). According to Singh and Kuar (2014), such financial frustration in SMEs usually results from the banks' reluctance to grant the necessary credit, and they have to resort to sourcing funds from informal financial societies.

Most SMEs face extreme difficulties in raising the needed funds from most banks, due to the perception that they are highly risky and their unattractive financial track records hardly attract bank investment (Subairu, 2016). The study by Mazanai and Fatoki, (2012) and Bartoli *et al.* (2014) maintain that although the availability of finance is a critical source factor in the SMEs' competitive operation, commercial banks remain their cardinal source of financial funds. Many commercial banks consider most SMEs as risky, and are as a result, less likely to show interest in credit programmes that favour them (Singh & Kaur, 2014; Musara & Olawale, 2012).

Theoretically, Stiglitz and Weiss (1981:16) argue that the existence of these financial constraints is as a result of the informational problems (that is, principal-agent issues) and transactional costs. Firstly, because of an inadequate collateral/deposit, banks categorise SMEs as 'non-bankable' enterprises, as well as high-risk debtors, and as a result, are likely to deny them access to loans. In further analysis, the issue of rationing (as discussed in Section 2.5) arises in all credit market scenarios because service charges and bank interest rates affect both the demand for loans and the risk structure of the bank's clients.

Empirically, Lee *et al.*'s (2015) analysis of SMEs' access to credit funds measured the correlation between innovation and the problem of access to finance with bivariate

analysis. They found that enterprises with innovation practices are willing to apply for credit funds, but may face constraints in accessing it. Their studies omitted issues, such as the financial information access (FIA) as a gap in access to finance.

A study by Abor *et al.* (2014) found that a SME's access and utilisation of finance is one tenet of the enterprise's capacity to purchase, utilise latest concepts and technologies to solve routine and prevailing market expectations. Their study applied descriptive statistics, and indicated that bank loans only represent 13.59% of SMEs' total funding. The correlation analysis which ascertains the degree of multi-collinearity amongst independent factors, indicated that bank credit loans are positive and significantly associated with the export activity of SMEs (Abor *et al.*, 2014). Financial information access and structure of bank (SoB) were not included in the regression analysis, but their findings indicate a significant association between bank finance and export activities.

Practically, in India, data shows that nearly 92% of SMEs lack access to adequate credit funds from banks, and as a result, most of them depend on personal sources of financing, and utilise other informal societies to source for credit funds (Kumar & Rao, 2016; Tang & Tang, 2012). SMEs are mostly constrained due to the gaps that exist in the financial structure of banks. In respect of SMEs access to credit loans, these include extraordinary collateral requirements, high administrative charges and inadequate knowledge within financial arbitrators (Ingabire *et al.*, 2016; Kohtamaki *et al.*, 2015; Machmud & Huda, 2011). In Indonesia, data indicates that SMEs contribute 55% in terms of its national output, yet, there is a large financial gap as constraint to enterprises in need of credits (Machmud & Huda, 2011). Data also indicates that about 44.1% of SMEs lack access to credit from banks (Machmud & Huda, 2011).

In sub-Saharan Africa, for example, in Nigeria, Agwu and Murray (2014), and also reports from SMEDAN (2012) indicate that access to finance has about 25% influence on the SMEs' competitive growth. According to Taiwo, Onasanya, Agwu and Benson (2016), most SMEs source their funds from equity and debt, or a blend of both, and according to them, these two forms of credit funding could derive from the formal or informal sector. According to Taiwo *et al.*, (2016), Liao & Rice (2010), commercial banks form the main sources in the formal sector, while cooperative associations and close relations form the bulk in the informal sector. In Nigeria, financial institutions such as microfinance, commercial bank, and the central bank, as well as international

development agencies, fall under the formal financial sector, and they significantly influence the SMEs' operations and performance (Taiwo *et al.*, 2016).

Despite some interventions by some financial institutions to assist SMEs with credit, Agwu and Murray (2014) stressed that commercial banks remain the largest and main sources of credit funds for most SMEs globally. According to Agwu & Murray (2014), Shehu & Mahmoud (2014), most commercial banks are reluctant to grant the necessary and adequate credit funds to SMEs in Nigeria for fear that they are too risky and have high uncertainties. Some of the reasons why commercial banks in Nigeria are reluctant to finance the SME sector include: unfavourable business environment, inadequate entrepreneurial skills and experience, and inadequate technological capacities in SMEs (Agwu & Murray, 2014; SMEDAN, 2013). As a result, the percentage of SMEs access to the required credit in Nigeria does not indicate significant progression (Taiwo *et al.*, 2016; Gbandi & Amissah, 2014).

In Ghana, SMEs face various challenges that constrain their growth. But, the most are attributed to the exploitative financial dogmata inherent in bank policies, for example, the unitary banking operation structure and the low interest rates regulations that minimise incentives to banks to promote SME ventures (Abor *et al.*, 2014).

In Tanzania, a study by Katabi and Dimoso (2016) indicates that SMEs play a significant role in the economy. The data shows that SMEs employ about 5.2 million of the population, yet SMEs face huge constraints to access finance, and this has inhibited their competitive growth. Studies conducted by Isaga (2012), Ndesaulwa (2016) and Maziku (2012) indicate that access to finance is one of the biggest problem for SMEs in Tanzania.

In Uganda, data indicates that despite the importance of SMEs, which contributed 28% to the Ugandan GDP from 1990 to 2013, they face high costs attached to borrowing, and this hinders their development and significant growth (Tumwine, Akisimire, Kamukama & Mutaremwa, 2015; Uganda Bureau of Statistics ((UBOS)), 2013). This suggests that, it is difficult for SMEs to access credit funds from financial markets, because banks see them as highly risky ventures, with low guarantees, high uncertainties, and limited knowledge of their capacities of repaying the loans to the banks. According to Uganda Bureau of Statistics (UBOS), (2012), and Tumwine *et al.*, (2015), SMEs' primary sources of funds are primarily from their reserves, personal

savings and credit societies, and as such, are unreliable, as their charges are usually bloated rates against the borrowers' capabilities.

In Mozambique, data indicates that barely 5% of SMEs have access to finance from banks, this means they source credit funds from other financing channels for their operational and capital expenditure activities (Osano & Languitone, 2016:2). This suggests that most SMEs in Mozambique finance their operations and enterprises from retained earnings, personal savings and assistance from relations, and this is because of the high bureaucratic tendencies involved in accessing bank loans (Osano & Languitone, 2016). In Mozambique, major constraints are attributed to the sectoral financial structure, issues of collateral securities, knowledge of credit opportunities and enterprise support services (Osano & Languitone, 2016:9).

Data also indicates that most SMEs in Mozambique fail in their start-up year, mainly because of financial constraints in accessing the needed credit funds from banks for their enterprise operations (Osano & Languitone, 2016). The study by Osano and Languitone (2016) applied Pearson's correlation matrix and regression analysis to measure the factors that influenced the SMEs' access to needed credit in Mozambique. The findings show a positive significant relationship between collateral requirements and the SMEs' access to credit funds. The regression coefficients also show that the influence of the sectoral financial structure of banks and the effect of knowledge of credit opportunities are potential risks associated with access to credits by SMEs in Mozambique. The study omitted issues relating to market-driven strategies which affect entrepreneurs or managers' capabilities to operate their enterprises competitively, as a result SMEs are not attractive to secure credit loan from banks.

Mazanai and Fatoki's (2012) study explains the credit rationing behaviour of banks in South Africa, and how they constrain SMEs from access to finance. Their analysis was with allusion to the credit rationing theory of Stiglitz and Weiss (1981), but they found that SMEs are victims of credit rationing. According to Mazanai and Fatoki, (2012) between 70 to 80% of South African SMMs (small, medium and micro enterprises) fail to attain maturity from start-up. In consonant with this assertion, Cant (2012) and Neneh (2012) acknowledged inadequate access to needed credit as one of the main reasons behind SME failures in South Africa. This, despite the positive contributions and influence of SMEs in various economies and as mechanisms for economic growth and development. According to Aren and Sibindi (2014), about 91% of all registered

enterprises in South Africa fall under the categories of micro, small and medium enterprises, and they contribute approximately 57% to the aggregate GDP, and 61% to employment opportunities.

In Lesotho, SMEs make a significant contribution to the economic growth in various sectors, although the data indicates that the country still records a high SME failure rate (EU, 2012). In spite of the astounding and indisputable contributions of SMEs to Lesotho's aggregate economic growth, in terms of employment generation, capacity building, business creation and development, being victims of credit rationing has not eluded them (Amadasun, 2013).

In the next section, both concepts (market-driven strategies and access to finance) are discussed under the eight factors on competitive growth (market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, structure of bank, bank and business support services and collateral requirement and competitive growth) as vital market resources, which if possessed and harnessed by entrepreneurs or managers could influence the SMEs' competitive growth.

3.4 INFLUENCE OF MARKET-DRIVEN STRATEGIES AND ACCESS TO FINANCE ON COMPETITIVE GROWTH

3.4.1 Influence of market-driven strategies on competitive growth

Market-driven strategies revolve around the necessity and practice that creates, designs and implements the enterprise's philosophy to enhance the entrepreneur or manager's possibility of attaining competitive growth and producing unique customer preferences. Market-driven strategies emphasise that SME entrepreneurs or managers need to understand that their business environment continuously changes, and they should be aware that such competitive pressure require market orientation, entrepreneurial marketing, competitive intensity and technological dynamic capabilities to push them to keep their enterprises stable and to attain competitive growth.

3.4.1.1 *Market orientation and competitive growth*

The literature on the theoretical perspectives of the market orientation concept has broadened its range to encompass multiple functional areas, and in addition to human

behaviour in the enterprise, it should now include the market orientation influence on competitive growth. Liao *et al.* (2011) link market orientation to the marketing perspective as a fundamental theory used to specify the degree to which an enterprise adopts and utilises marketing concepts that influence market-driven strategies in the enterprise.

According to Kajelo and Lindblom (2015), market orientation is perceived at the level at which the enterprise is applying and effecting its marketing theories, and to the degree that it influences market-driven strategies. It also indicates that market orientation is positively associated with the enterprise's market-driven strategies. According to Ngo and O'Cass (2012), market orientation is an important resource capability that drives the entrepreneur or manager's market-driven strategies and effects its competitive operation. This suggests that the effectiveness of market orientation is considered in complementarity with the other strategic resources and competencies of the enterprise.

Sabai-Khin *et al.* (2012), see market orientation from two other perspectives, namely, as culture and as behaviour. From the behavioural perspectives, Kohli and Jaworski (1990) and Sabai-Khin *et al.* (2012) defined market orientation as the enterprise's holistic information development, distribution and receptiveness to market intelligence. From the cultural perspective, Narver and Slater (1999) defined market orientation as the adoption of the entrepreneurial philosophy which uniquely affects, and exhibits, the needed behaviour towards creating superior value for target market, and which drives the effective performance to competitive operation in the enterprise. Studies also indicate that market orientation positively impacts on entrepreneurs or managers competitive performance in different dimensions, such that, it is either aiding a target market-oriented focus or redesigning the enterprise's culture towards creating superior satisfaction for the target market (Liao *et al.*, 2011; Hussain *et al.*, 2016; Boso *et al.*, 2016).

From the cultural perspective, Halliru (2016) links market orientation to effective operation via organisational culture, which explains that the culture of the enterprise, to a certain degree, plays a significant role in determining its efficiency and relationship with customers in attaining significant growth. This implies that the diktats inherent in market philosophy can succinctly be explained from the market-driven perspective;

that is, if marketing is viewed in congruence with Levitt's (1960) postulation that customers are the business.

Extending the two schools of thought with regard to market orientation, namely, the organisational culture viewpoint (Narver & Slater, 1990) and the organisational behavioural viewpoint (Kohli & Jaworski, 1990), the results summarily revealed that the perspectives of the two schools complement each other. These perspectives are ultimately directing enterprises to adopt and implement all the necessary market-oriented resources that continuously meet the ever-changing customers' tastes, fashion and preferences through branded products and strategies. These are high tendencies of SME entrepreneurs or managers' market-oriented information capabilities.

According to Morgan, Anokhin and Wincent (2009) market-oriented information capabilities, such as market orientation, entrepreneurial abilities and marketing competencies, are critical resources that complement each other to drive the entrepreneur or manager's market-driven strategies in the enterprise to achieve a significant advantage. Ngo and O'Cass (2012) examined the influence of market orientation on the entrepreneur's competitive advantage, and their findings show a positive effect. A study by Mahmoud and Yusif (2012) indicated a positive and significant influence of market orientation on the enterprise's market-driven strategies, which drives its economic and non-economic growth. Grinstein's (2008) findings support the positive effects of market orientation on the enterprise's market-driven strategies in meta-analysis. This suggests that the effect of market orientation on enterprises may vary, and as such, depends on the market-driven strategies measures adopted in practice (Ngo & O'Cass, 2011).

The study of Asikhia (2006) indicated a negative influence of market orientation on the enterprises sales revenue. The study by Asikhia (2010) on the market-focused strategies among banks indicated that market orientation does not influence banks performance.

According to Murray *et al.* (2011), it is not just market orientation, as such, that affects the enterprise's effectiveness and leads to market-driven strategies, but rather the use of market orientation in formulating and nurturing marketing capacities to boost the effective operations of the enterprise. In this study the market-oriented enterprise is

seen as an entity whose operations are centred on the marketing principles and theories which influence its competitive growth of SMEs. Some authors have linked market orientation with many of the functions of marketing, such as channel collaboration, customer focus, international marketing, internal marketing, marketing intelligence, and marketing strategy (Nwokah, 2008; Liao *et al.*, 2011). Some scholars have linked market orientation to relationship marketing, supply relationship, and supply chain management (Liao *et al.*, 2011; Garcia-Ramirez *et al.*, 2014; Elg & Paavola, 2008). The aforementioned ties of market orientation and marketing concepts are skewed towards large enterprises as compared to the growth of SMEs.

A number of authors add that market orientation not only allows large enterprises to achieve a higher level of revenue, but it also helps in facilitating their integration and implementation of market-driven strategies (Ibrahim & Shariff, 2016; Renko *et al.*, 2009; Hakala, 2013). To the best knowledge of the researcher in the review of the strategic literature, studies are yet to investigate the influence of market orientation on SMEs competitive growth in Lesotho.

Competitive growth of the SME as an outcomes of market orientation is seen by the researcher as the capability of the entrepreneur or manager's frequently monitoring the markets in which he/she operates and to effect proactive changes when necessary that satisfy target market needs. It could also requires that SME entrepreneurs understand the current and potential customers and the capacity of the enterprise to bond with target market, dealers and suppliers. Kakapour *et al.* (2016), accentuate that market orientation promotes a high degree of operational skills, whether partially or totally, in the enterprise, which creates and enables its market-driven strategic capability to achieve growth in the market.

As a sequel to the preceding opinion, this study argues that the need to embrace market orientation as means to effectively and efficiently serve customers' preferences, understand competitors and their capacities, and manage inter-functional coordination rests on the market-driven strategic philosophy that could influence SMEs' competitive growth.

An extension to this view can lead to market orientation being considered as a critical market component for the market-driven strategies of the entrepreneurial market. It implies that the market orientation of any enterprise relies mainly on the entrepreneur

or manager's intrinsic capability to effectively deliver customers' needs on a timely basis, and as a medium through which they implement market-driven strategies to attain competitive growth.

In sum, market orientation is referred to as a sub-set of market-driven strategies and is seen as concept advantageous to effect positive influence on competitive growth of the SMEs. Various other core market constructs, such as entrepreneurial marketing, competitive intensity and technological dynamics as sub-set of market-driven strategies in the study, are seen as market resource components, which could drive SMEs' competitive growth, and are discussed in the next sub-sections.

3.4.1.2 *Entrepreneurial marketing and competitive growth*

From the entrepreneurship literature on entrepreneurial marketing, the focal driving point of the entrepreneurial marketing concept is when SMEs understand the market and are able to produce towards it sustainably and better than competitors to attain competitive growth. Consistent with entrepreneurial literature, Jones and Rowley (2011), Aleksandr, Jaroslav, Ludmila and Pavla (2016) and Boso *et al.* (2016) view entrepreneurial marketing as the process where entrepreneurs or managers respond to customers' desires and preferences within a market setting. This is in congruence with the enterprise strategically maximising its values and objectives in the market context to achieve competitive growth.

In the entrepreneurship-based entrepreneurial marketing literature, although the entrepreneurial marketing is skewed to the overall SME product offering, its market, delivery, exceptional marketing approach and entrepreneurial capability to operate competitively (Kurgun *et al.*, 2011). These entrepreneurial skills can be seen from the entrepreneurial marketing perspective in that most SME entrepreneurs or managers lack the ability to operate strategically and to attain growth. The study considers such market skills as the enterprise's strategic resources and capacities, and regards them as vital components in market-driven strategies to enable the enterprise to attain competitive growth.

The entrepreneurial marketing resources that an enterprise possesses and deploys are critical to its applicability, and as such include: sales effectiveness, customers' loyalty, marketing expertise, competitors' proactive strategy, and the overall enterprise performance such, determine SMEs market-driven strategies that could influence

competitive growth. These market resources could be seen to contribute to the entrepreneur's capabilities to absorb various operational shocks in the market environment and influence the enterprise's significant growth.

Though the Gibrat's law of growth, RBV and CBV tend to be explicit on issues concerning the resources needed by SMEs to operate dynamically in a business environment, information is scant on the issue of entrepreneurial marketing which this study considers as a facet of market-driven strategies which could influence SMEs' competitive growth.

According to Boso *et al.* (2016), and Barbero *et al.* (2011), entrepreneurial market resources help entrepreneurs or managers to sustain their vision, and constantly re-configure their capabilities for competitive operations in the business environment. Entrepreneurial marketing considers the aforementioned resources as integrated facets that equip enterprises to continually improve their product offering to meet the target market's needs. As entrepreneurial marketing entrepreneurs or managers tend to learn and experiment with new ideas and technology, they are keen to seize market opportunities, and are involved with the intensive launch of new products and with the readiness to undertake risky ventures that have the tendency to influence SMEs' competitive growth in a dynamic business environment.

While the SMEs' competitive growth is critical in the dynamic environment, their limited market resources require an entrepreneurial marketing strategic approach to carefully consider the opportunities and risks involved in the strategy (Kraus *et al.*, 2010; Westerlund and Leminen, 2012). According to Collinson and Shaw (2001) entrepreneurial marketing specific strategic resources can be antecedents, and these include: the entrepreneurial management's ability to learn, to develop resources that are strategic, and to respond effectively to the business environment. Drawing from the literature on entrepreneurial competence, it refers to the entrepreneur or manager's competence in utilising the enterprise's resources in line with their strategic goals (Barbero *et al.* (2011). This implies that the enterprise's growth may not only lie in having abundant resources, but also in utilising such limited inputs in manners that enhance the entrepreneurial capabilities on market-driven strategies. While the enterprise's resources are also stockpiled, owned or controlled, entrepreneur or manager's ability to allocate such resources could drive SMEs' market-driven strategies to competitive growth.

Based on the preceding discussions, the concept of entrepreneurial marketing is perceived as resting on the paradigm of seeking an appropriate strategic market fit in enterprise operations utilising the available resources that ensure that entrepreneurs or managers are routinely aligned with the market to such a degree that it could determine the SMEs' market-driven strategies to influence competitive growth.

In the researcher's opinion, the entrepreneur or manager's capability related to entrepreneurial marketing strategy in sustainably maintaining competitive growth may also rely on other core resource capabilities, such as the competitive intensity and technological dynamics that are regarded as complementary facets of market-driven strategies and their influence on SMEs' competitive growth. Each of these constructs is discussed in the next sections.

3.4.1.3 *Competitive intensity and competitive growth*

As competitive intensity surges, SME entrepreneurs or managers may need to be market-driven strategic to effectively operate in the competitive and dynamic business environment. This is because in a highly competitive marketplace, a greater emphasis on competitive intensity strategies is a prerequisite for the effective operation to attain significant growth (Kohli & Jaworski, 1990; Halliru, 2016). As competition increases, the vehicle for competition also changes, which implies that consumer products may have to change if SMEs are to avoid a slack from the competitive intensity of the business environment. This also suggests that market-driven strategies become useful in such uncertain markets to answer to the unique needs of customers and enterprise constituents. According to Asikhia, (2010) and Gajowiak (2015), competitive intensity indicates that SMEs entrepreneurs or managers may always face challenges in peculiar circumstances in dynamic market environments, relative to stable markets, and such is the influences of the market-driven strategic process.

In exploring the strategic literature on the empirical outcomes of competitive intensity's influence on market-driven strategies, studies by Sabai-Khin *et al.* (2012) found a positive significant influence of competitive intensity on enterprises' market-driven strategies. The findings of Asikhia (2010) and Frambach *et al.* (2003) suggest that competitive intensity negatively affects market-driven strategies on products. The increase in marketplace dynamism from market competition amongst various

enterprises may contribute positively to market-driven strategies of SMEs, to deal with threats and to attain competitive growth.

The evidence presented in Tang and Tang's (2016) study indicates that successful enterprises in China, are now more societal-focused and entrepreneurial than ever before, in delivering target customers' desires and preferences. For example, environmentally friendly products now attract more customers as a strategy by SMEs entrepreneurs or managers in managing the competitive intensity in the business environment. According to Hill *et al.*, (2010) environmental activities provide an effective mechanism for the enterprise's capacities in building a strong business-customer bond, or in creating a possible differentiation influence in the market. Such are likely influence on competitive growth, but studies are yet to ascertain that such competitive intensity capabilities likely drive competitive growth in the SMEs.

Tang and Tang (2016) argue that focus on the market is certainly one significant approach that SMEs can use in differentiating their products or services from other competing enterprises, in efforts to sustain their current customers and to capture a larger market share. Reijonen *et al.* (2015) add that such differentiation could be in terms of branding that gives the SME the opportunity to build on key targets in the customer relationship. Such can lead to the enterprise brand performance of competitive intensity that positively influences the SME competitive growth.

According to Reijonen *et al.* (2015), brand performance of competitive intensity is seen as the enterprise's growth in products created, designed and which suit the target customers' loyalty, trademark, marque, label, kind, variety, preferences, and which reflect their character and needs over competitors' products in the market. Brand performance of competitive intensity is centred on the ideal of customer-based marque parity, and brand strength relevant to building a brand-oriented strategy to withstand intense pressure from competitors. The influences on market-driven strategies could enable SMEs to achieve effective market competitive growth. Market brand performance as sub-sets of competitive intensity can be described as the influence on the SME's market-driven strategies in relation to competing enterprises' market strategies in terms of sustaining its market share through a market-driven approach to attain competitive growth.

Tang and Tang (2016) and Baron and Tang (2011) added that in stakeholder management theory, the development of market strength fortifies positive dealings with major stakeholders, and assists the enterprise in establishing a competitive advantage over its competitors. According to them, stakeholders are people or persons whose activities could affect or are affected by the enterprise's growth. Some empirical studies offer proof that the provision of market-driven products influence better patronage and lead to a favourable market position for SMEs competing in an intense environment (Tang & Tang 2016; Murillo-Luna, Garces-Ayerbe & Rivera-Torres, 2008). Studies also indicate that many Chinese enterprises have recognised this niche, and they are capitalising on this approach by rejuvenating their entrepreneurial practices to enable superior production techniques that offer better marketable brands that out-power their competitors (Tang & Tang, 2012).

Hormiga *et al.* (2011) and Wang and Choi (2013) argue that there is a possibility that when enterprises lose their market competition, they tend to compromise their social and marketplace business growth to focus specifically on recovering their financial strength, such compromises affect their market and competitive growth. It also implies that during the upheaval period of fighting to survive and stay competitive, SMEs are likely to explore alternatives that are detrimental to accepted standard business practice (Tang & Tang, 2016; Wang, 2014). This suggests that when an SME is involved in financial struggles in the midst of strong competition, and in the bid to meet their required legal obligations as an operating enterprise, they may act and behave irresponsibly by focusing only on their gains, and abandon the necessary morality and such could negatively affect the SME's competitive growth.

To enhance the SME's operational capacity in the competitive market, it is imperative to promote the environmental strengths that are market-driven and which aid the SME entrepreneur or manager to create and maintain an attractive and engaging atmosphere for customers' patronage (that is, improving market demand). The aforementioned strategies increase the proliferation of environmental concerns to allow the SME to suitably minimise costs and to withstand competitive tension in the business environment (Abuzaid, 2017; Tang & Tang, 2016).

With this view in mind, the researcher is interested in measuring the influence of competitive intensity as a facet of the market-driven strategies that influence SMEs' competitive growth. This suggests that as entrepreneurs or managers proactively

address SME-related market problems, there is the need to develop a model of corresponding market responsiveness that adds technological dynamic capabilities to tackle market upheavals. This also suggests that competitive intensity strategies and market responsiveness are likely to facilitate and equip SME entrepreneurs and managers with competitiveness in the dynamic environment and enable them to act competitively, even in the long run, to attain and maintain competitive growth.

3.4.1.4 Technological dynamics and competitive growth

The intensity of technological influences currently influences the short lifespan of most products. SME entrepreneurs or managers need technological innovation to help improve their competitiveness, and ultimately, aim to improve the enterprise's competitiveness in the sector (Nomita, 2016). For example, Laforet's (2009) study indicates that in the manufacturing sector, the enterprises' operations tend to be more concentrated on a process-innovative practice than a product-innovative approach with higher technological influence, as the market response to competitors. The process innovation in this case does not holistically describe the commitment to the various innovative approaches within the enterprises, unlike product innovation, which is rather more related to technological dynamic process which tend to influence SMEs operation and growth. With technological dynamic capacity in the SME, the enterprise market responses may tend to be more radical, customer-focused and service-oriented, and aids the enterprise's competitive growth.

According to studies by Xin *et al.* (2010) and Alpkhan (2011), the technological dynamic capacity of the enterprise is statistically and positively significant to its operating market-driven strategies. Asikhia's (2006) study indicated that technological dynamics do not have positive significance on the enterprise's sales growth.

Based on the intensity of competition many SMEs face in the market environment, Sabai-Khin *et al.* (2012) suggest technology orientation as a key market strategic options for entrepreneurs or managers to maintain the business growth.

Technology dynamic refers to the process whereby the SME's entrepreneur or manager meets the new needs of customers, and to attain this technologically-oriented state, the entrepreneur or manager must increase investments in research and development, which promotes the enterprise's commitment to adopt and use new technologies (Sabai-Khin *et al.*, 2012; Hortinha, Lages & Lages, 2011). Technology

dynamic also emphasises that SME entrepreneurs or managers cannot be innovative and keep pace with the intense competitive business environment without focusing on the trends and tendencies regarding technology, and without investing in research and development (Hortinha *et al.*, 2011; Nomita, 2016; Petti & Zhang, 2011). This suggests that SMEs could consistently keep pace with evolving and dynamic technology by increasing their capacities in market responsive strategies (market-driven strategies) to develop innovative products on a timely basis.

Paweta (2015) defines market responsiveness in terms of technological dynamic capacity with reference to internationalisation and with empirical evidence in riposte to globalisation; where SMEs tend to place a greater emphasis on acquiring technology to prepare in advance before entering a new market, and to survive in the intense competitive foreign market. Market responsiveness in terms of technological dynamic capacity has the potential to spur both the domestic and foreign growth of any SME as an individual enterprise and even as a SMEs sector.

Technological dynamic capacity in SMEs is seen as greatly significant in the current market context because it could drive the enterprise's competitive growth. This is because technological dynamic capacity as market strategic response is a necessity for enterprises aiming to continuously create and sustain their competitive growth, exploit existing markets, and penetrate into new markets. Amongst enterprises of various sizes, SMEs are normally regarded as being more malleable and better adaptive in creating and utilising new market concepts to their advantage.

As modernisation continues to evolve, market responsiveness, through technological and quality development capacity in products/services, has assumed great challenge to less technologically dynamic SMEs attain significant growth in the market environment. As modernisation unfolds, it influences the inflow of new technology which reduces the cost of production to enterprises that have invested in technology (Singh, Khamba & Nanda, 2016). It also increases competition both from within and from outside the enterprise, such suggests the continuous need for SME entrepreneurs or managers to leverage modern market strategies as technologies and to harness their capabilities through market-driven strategies to increase in innovative production activities and linkages to the market environment.

In this study, environmental uncertainty is seen to affect SMEs, as and such, market responsiveness through technologically innovative products is required for enterprises to operate efficiently. Meissner and Kotsemir, (2016) describe such uncertainty as influences from globalisation and internationalisation that have intensified market dynamics. While it has led to an increase in technology linked to the products and the integration of markets, such new technologies have constrained many SME entrepreneurs and managers that are less technologically-oriented to the traditional formula operations (Meissner & Kotsemir, 2016; Setiowati *et al.*, 2015). It has postponed radical innovation at the expense of competitive capabilities and which generally cause them to remain under-sized (Abosedo *et al.*, 2016). According to Meissner and Kotsemir (2016), the SME entrepreneurs' or managers' ability to acquire adequate technological resources has proven to influence their market responsiveness, performance and competitive capability in the ever-changing market environment. It may promote radical innovations in the products and services, and marketing and sales systems of SMEs that have to continuously provide value-added products and modify existing brands.

The influence of technological dynamics on the activities (for example, its speed and degree of dynamism) may affect a capacity gap amid the actual pattern of technical capacity and the conforming value maximising the pattern to enhance the enterprises' market-driven strategies influence in the SMEs competitive growth. This is referred to as very significant skills and competencies exhibited in market-driven strategic patterns in the post-change marketplace as experienced by entrepreneurs and managers in their effort to attain competitive growth in the SMEs. This infers that enterprises that effectively assign superior market resources to technology are seen as effectively coping with the market ambiguity, and even act as an influence between market enabling factors to strategically attain competitive growth in the dynamic market environment. To the best of the researcher's knowledge, studies are yet to ascertain if technological dynamics have a direct influence on SMEs attaining competitive growth in Lesotho.

For the purpose of this study, the researcher opines that the technological dynamic facet of market-driven strategies could influence SMEs to attain competitive growth because:

- It enables entrepreneurs or managers to thrive, while introducing new systematic and technical knowledge, creates new options for designing and refiguring competences;
- It modifies marketplace competitive intensity;
- It affects the degree of the entrepreneurs or managers environmental dynamics;
- It structurally modifies and controls the entrepreneurs or managers' activities, such as constraints to mobility and entry;
- It influences productivity and opportunity of entrepreneurs or managers; and
- It demands modifications in customers' tastes, fashion and preferences.

In this view the SMEs could manage the business environmental dynamics with technological dynamic capacity, by strategically manoeuvring technological or organisational modifications into their entrepreneurial configuration, and improves the degree of growth in the enterprise's goals through dynamic product technology.

Following the preceding discussion in this study, the core market constructs of market orientation, entrepreneurial marketing, competitive intensity and technological dynamics have been discussed in relation to their significance as facets of market-driven strategies in attaining competitive growth in SMEs.

The next sections discuss specific factors of access to finance as each relates to competitive growth.

3.4.2 Influence of access to finance on competitive growth

As access to finance remains a major obstacle and worsens the prospects for most SME enterprises in Lesotho, it is necessary to view the constraints from factors relating to financial information access, structure of bank, bank and business support services and collateral requirement, as major issues limiting SMEs access to finance and if possess might enable them to attain competitive growth.

3.4.2.1 Financial information access and competitive growth

Compared to large enterprises, many SMEs face intense competitive disadvantages in accessing the financial information needed to access credit from banks, due to the nature of their enterprises (Aleksandr *et al.*, 2016; Májková, 2012). Although the nature of SMEs and their capacity do have an influence on the constraints they face regarding

access to needed funds, they require adequate information to be able to identify potential suppliers of financial services (Osano & Languitane, 2016). According to Fetisovová *et al.* (2012), SMEs' access to needed credit funds is highly influenced by the degree of access to adequate financial information about potential suppliers and the available credit products of the bank.

Many SME entrepreneurs and managers are denied access to financial credit by banks because the applicants lack the necessary information and awareness related to funding from the financial market. Following the Stiglitz and Weiss (1981) credit rationing theory, as explained in Section 2.5, from the lender's perspective, banks are unable to distinguish among borrowers based on the limited financial information available to them, and as a result, this leads to acute information asymmetry between the credit officers and borrowing entrepreneurs or managers. Financial information access is seen as one of the major hindrances to the SMEs' access to finance in many sub-Saharan African countries (Osano & Languitane, 2016).

Although Stiglitz and Weiss (1981) provided convincing details why banks and insurance companies operate in different ways, informational asymmetry usually forces the bank to adopt a credit-rationing approach that adversely affects loan applicants (SMEs). This will continue to exclude many SMEs from access to the needed credit from banks, even in equilibrium (Stiglitz & Weiss, 1981; Machmud & Huda, 2011). Financial markets, for example, credit and insurance markets, are dominated by intense principal-agent glitches, and as such, include adverse selection (this means that loan customers with less intention to repay the borrowed loans are more enthusiastic in seeking credit funds from banks, even at higher rates) and moral hazards (tendencies of clients to use the credit funds in ways that are outside the lender's interests) (Ghosh, 2016; Kostov *et al.*, 2015). These behaviours, experiences and perceptions towards credit providers or loan officers are most likely the possible consequences of borrowers having limited financial information that affect SMEs capacity to attain competitive growth.

Due to inadequate information about potential SME applicants, banks are unwilling to take the risk of financing them. Another major constraint SMEs face in accessing external credit from financial markets is that they are considered as high risk, such that they are considered highly indebted with a very low capacity to meet effective debt repayments (Lee *et al.*, 2014; Aleksandr *et al.*, 2016). This suggests that, financial

institutions are reluctant to provide the necessary information that could encourage demand from SMEs, and it becomes problematic for these enterprises to obtain a commercial loan. Based on fewer options, SMEs are forced to access bank credit under stringent circumstances that are not favourable to their enterprises' flexible repayment capacity, and which as a result, affect their competitive growth in the market.

The following socio-economic reasons dominate many studies (Mazanai & Fatoki, 2012; Moro & Fink, 2013; Bhalla & Kaur, 2012) in SMEs, and explain why banks use limited financial information as a strategy to control loan extensions:

- High administration lending costs to small borrowers;
- Financial market information asymmetry; and
- Lender's perspective of SMEs being highly risky and with entrepreneurial (ownership) pattern bias.

This study argues that most SMEs' limited access to financial information could further be a consequence of the financial structure of banks, because competition in the financial market is an antidote for the competitive costs of financial products and service in the financial industry. As such, this grossly affects the competitive growth of SMEs in many developing economies, such as in Lesotho.

3.4.2.2 *Structure of bank and competitive growth*

Although many factors can be considered in explaining SMEs' constraint of access to finance, the level of competition in the banking sector, determines the price of financial services or products offered to loan applicants or customers. For example, Osano and Languitane (2016) suggest that the lack of competition in the financial sector leads to obstacles for SMEs in accessing finance credit. Low competition in the banking sector may affect the overall stability in the financial market, it may affect effective the financial service delivery to applicants (SMEs) who need the financial credit the most. This suggests that, direct competition in the banking sector may positively influence new entry, growth and the effectiveness of the existing banks.

Low competition in the banking sector could be an implication of a high regulatory regime, where the competitiveness of the financial market does not rely on the actual market structure but relies on the regulatory regime of the country. Although there may

not be a clear relation between the interference of government on the intermediation process of the banking system's effectiveness and the enterprises' access to credit, regulatory restrictions probably affect the overall effectiveness and efficiency in the financial market.

The ownership structure of banks could have a significant influence on SMEs' access to finance, costs of financial services and products, and even market power. This is because domestic and local banks are more likely to pursue more domestic market-driven information and effective financial implementation mechanisms than foreign-owned banks (Osano & Languitane, 2016:7). Local domestic banks have a more standardised design and are able to offer credit guarantee schemes that are more inclusive of many SMEs in various financial mainstreams, together with harmonised conditions (Amadasun, 2013).

According to El-Said *et al.* (2013:287; 2015:4185) and EBI (2010), the low competition in the banking sector is an implication of a high regulatory regime that excludes many SMEs from access to bank finance. This effectively forces SMEs to utilise micro-credit loans from informal lenders that are barely adequate, with the assumption that there would be an enabling environment for their enterprises.

In Lesotho, SMEs are considered important actors in economic growth, but it seems that the non-standardised designs of its credit guarantee scheme could be as a result of the structure of the bank. Lesotho has three major banks (First National Bank, Nedbank and Standard Lesotho Bank) of which the major ownership is foreign-owned, and as a result, the banks are less likely to pursue more information and better enforcement mechanisms. This probably excludes many SMEs from the financial mainstream through the enforcement of stringent credit conditions.

Although many SMEs in Lesotho face financial constraints due to the low competition in the banking industry, money lenders are allowed to charge an interest rate of 25% per year on loans (Lesotho Times, 2018). Despite this, most money lenders charge anything from 25% to 30% interest per month on loans; bloating interest which is against the country's financial laws (Lesotho Times, 2018:7). As an additional cost to borrowers, some lenders demand the borrowers' national identity card (ID) and bank debit cards as collateral documents before giving any credit to borrowers (Lesotho Times, 2018). Some lenders even demand the debit card's personal identification

number (PIN) before approving a loan (Lesotho Times, 2018). Such constraints on borrowers (SMEs) affect their access to needed credit, and it has potentially negative consequences on their competitive growth.

This suggests that the structure of bank which does not promote direct competition in the financial market may severely impact on the effective, efficient stability of the banking sector, and as such, place constraints on SMEs' access to finance, as well as affect their competitive growth in Lesotho.

3.4.2.3 Bank and business support services and competitive growth

Although banks grant various forms of credit loans to support a wide range of clients, and for various reasons, SMEs are usually the exception. Compared to other clients, such as large enterprise borrowers, SMEs face constraints in accessing the needed funds from banks, and in many circumstances, are excluded from adequate access to the needed credit (Kostov *et al.*, 2015; Moro & Fink, 2013).

SMEs are seen to be exceptionally susceptible to the whims and dynamics of the business environment, with less business support and guarantees from government and agencies. According to Zeebaree and Siron (2017), the enabling of support resources for SMEs are focused towards enhancing and sustaining the enterprises' competitive operations and growth in many developed and developing economies, and as such, it has been extensively discussed in many entrepreneurship studies.

The focus of this discussion is on business support for SMEs, in terms of enabling resources, such as training programmes, financial management education, advisory and extension services, infrastructural, equipment and machinery support, and the marketing research activities they lack that constrain entrepreneurs or managers' ability to access finance from banks (Gisip & Harun, 2013) and to experience competitive growth. The main reason for government support for enterprises is to enhance their operational capacity to attain market competitiveness (Zeebaree & Siron, 2017). This suggests that, bank and business support should include the granting of direct and indirect financial credits, combined with management and advisory services related to different aspects of the SMEs to enable them to become competitive. For example, such a programme could promote new start-up enterprises by granting resources that will strengthen their operational base, combined with offers, such as a tax holiday, subsidies and training programmes (Zeebaree & Siron, 2017).

Enabling support programmes could cover a wide range of services, and might start at the creation and development of training, marketing and consultancy services for SMEs. This is key, especially since they have the biggest challenges in obtaining the crucial enabling resources that could ensure their survival and growth (Mazanai & Fatoki, 2012). According to the World Bank (2015), the one category of enterprise which is perceived by most commercial banks as risky and unbankable, are SMEs.

The widely-held perception of many banks is that most SMEs do not have the necessary liquidity to service debt, and therefore, they present too high a lending risk (Machmud & Huda, 2011; Cao, Ding & Zhang, 2016).

Other groups are those affected by supply constraints, such as those affected by high transactional asymmetries (that is, information asymmetry in a transaction where information is relatively skewed to one party at the expense of the other) related to SMEs lending, higher transactional costs, and lack of information, as discussed in Section 3.7.1.

Abor *et al.* (2014) maintain that high bank charges exclude a large number of SMEs that are in need of credit. This is an indication of the underdeveloped financial institutional and market infrastructural mechanisms and high regulatory impediments among commercial banks (World Bank, 2015). According to Abor *et al.* (2014), the inability to access the needed external finance is considered the most fundamental institutional weakness of bank and business support services, and as such, constrains most SMEs in many developing countries. The lack of bank and business support services further exacerbate SMEs' vulnerability to bank credit; another reason why credit rationing still persists in the competitive credit market (Moro & Fink, 2013).

Inadequate support programmes designed for and which strive to make SMEs attractive and competitive, constrain their access to finance and competitive growth. Bank lenders simply attach high bank charges and high interest rates to a loan, which affect both demand for and the risk profile of clients of the bank. Although banks aim to minimise risky borrowers, when there are inadequate banking schemes and insurance institutions that are supposed to bridge the link of credit to SMEs, the lenders' supply of credit funds will indicate a backward curve, even at rates higher than the bank's equilibrium rates, as indicated in Section 2.5. This implies that SMEs may

continue facing credit exclusion from financial markets, even in market optimum situations (Stiglitz & Weiss, 1981; World Bank, 2015).

3.4.2.4 Collateral requirement and competitive growth

For many SMEs, the situation is exacerbated by the banks' requirement of collateral on the loan before any credit is granted (Mazanai & Fatoki, 2012). A study by Kihimbo *et al.* (2012) in the Kakamega Municipality in Kenya, found that before a bank would consider granting a loan to an SME they demanded equivalent collateral deposits. A study by Ingabire *et al.* (2016) in Rwanda, also considers lack of collateral to be one of the major challenges faced by SMEs trying to access the needed bank loans for their business's growth.

According to Osano and Languitane (2016), the banks' collateral requirement is a major significant factor that forms a barrier to SMEs' access to credit funds from banks. Osano & Languitane (2016) indicate that banks in Mozambique require collateral of at least equivalent to the financial credit the SME borrowers have applied for. Bhalla and Kaur (2012) and Moro and Fink's findings showed that the collateral requirements by banks discourage most SME entrepreneurs from access to credit loans, and they are even more disenfranchised due to the banks' perception that they are risky borrowers with a low capacity to repay the loans. Mazanai and Fatoki's (2012) study confirms that 45% of SMEs are denied access to finance because of lack of collateral security, even as record indicates that the survival rate of SMEs in South Africa is less than 20%.

Though it may be justifiable for banks to adopt a strategic approach to avoid bad debt from borrowers who they may perceive as being unable to repay the credit loans, SMEs, on the other hand, need access to adequate credits for their enterprise's effective, efficient performance and to attain competitive growth in the competitive business environment.

The current study argues that most SMEs are constrained in terms of the attainment of competitive growth when they fail to access adequate funds from the financial markets (banks) for their use. This suggests that there is the need to promote the financial inclusion of financial credit to SMEs, and there is also the need for interventions that may improve the supply of credit funds to SMEs. This may simultaneously also ease the problems of asymmetric information, and influence the

SMEs' competitive growth through the necessary access to finance and market-driven strategic resources.

According to the strategic literature in term of enterprises' effective operation, market-driven strategies do indeed act as competitive pressure that pushes SME entrepreneurs or managers to be more proactive and creative, and to constantly introduce innovative new products or services that keep them one step ahead of their competitors (Halliru, 2016). This competitive pressure increases the market-driven strategic approach of SME entrepreneurs, and forces them to continuously adapt to the enterprise environment, and to offer unique customer preferences, especially when SMEs have access to finance (Meutia & Ismail, 2015; Mazanai & Fatoki, 2012).

There is little extant literature on the influence of market-driven strategies and access to finance on the competitive growth of SMEs. A study by Lee (2014) focused on market-driven technological innovation via acquisition. The study examined the effect of the product relationship between the target market and the enterprise on the post-acquisition technological innovation performance, using descriptive and correlation methods. The results indicated that the product market has an effect on the post-acquisition technological innovation growth of the enterprise.

A study by Hussain *et al.* (2015) examined the effect market orientation and entrepreneurial orientation on SMEs' competitive growth, and applied correlation and regression analyses. The results showed that both market orientation and entrepreneurial orientation positively influence SMEs' competitive growth. Asikhia's (2010) study was specific to customer orientation and enterprise performance among Nigerian banks. The study applied the moderating effect, and the results showed that customer orientation positively influenced the enterprises' competitive performance in the Nigerian context.

Tirfe's (2015) study was specific to how entrepreneurial orientation, enterprise internal resource, and capital structure decisions affect the growth of small enterprises in the Tigray region of Ethiopia. The study applied multiple regression analysis, and the results indicated that entrepreneurial orientation, market orientation and access to finance leverage a statistically positive effect on the growth of small enterprises in Ethiopia.

Kassie's (2015) study focused on market orientation and business performance; the study used regression analysis and structural equation modelling (SEM). The results of the moderation analysis indicated that there is no statistically significance effect between the market orientation facets and business performance.

Osano and Languitane's (2016) study was specific to the factors influencing SMEs' access to finance in Mozambique. The study adopted a descriptive and inferential research design, and the findings indicated that the collateral requirement, structure of bank, bank and business support services, and awareness of funding opportunities influenced the SMEs' access to finance in Mozambique.

To the best of the researcher's knowledge, no specific study has investigated the influence of market-driven strategies and access to finance on the competitive growth of SMEs in the sub-Saharan African economies, or let alone, in the Lesotho context. In this study, the market-driven strategies phenomenon in SMEs is seen as the ability of the entrepreneurs or managers of the enterprises to predict market and customer preferences, and increase the desired product through innovations suitable for the target market. To effectively meet the ever-changing customer needs with regards to taste and fashion at competitive prices, entrepreneurs or managers must have access to finance which will allow them to efficiently maintain their market share against competitors. From this perspective, the nexus between market-driven strategies and access to finance is explained in the following paragraphs.

Firstly, insight from the RBV and CBV on the enterprise indicated that market flexibility demands that the SME should have access to dynamic resources, such as finance, to enable them to be dynamic and efficient in coordinating the market-driven strategies for enterprise competitive growth. This perceptive is in congruence with the Theory of Growth of Enterprises by Penrose (1959), Freiling's (2004) CBV theory, and Stiglitz and Weiss's (1981) study on credit in markets with imperfect information.

Secondly, in the context of SMEs, the relationships and the joint implementation of market-driven strategies and access to finance could enhance the SME's competitive growth. This implies that the SME's competitive growth in a continuously changing, dynamic market environment requires access to adequate finance. The studies by various scholars, such as Abor *et al.* (2014), Ingabire *et al.* (2016), Kostov *et al.* (2015) and Mazanai and Fatoki (2012) emphasise that financial constraints continue to play

a major restraining role in enterprises growth in sub-Saharan Africa, and the above authors maintain that these financial constraints contribute to SMEs' inability to compete and gain competitive growth. This may suggest that the low level of finance could be the likelihood of less market-driven strategies that constrain the competitive growth of many SMEs in sub-Saharan Africa.

El-Said *et al.* (2015) and Tang and Tang (2016) accentuate that the market-driven strategic approach positively influences the enterprise's technology and innovative activities (such as product innovation), skills of workforce, training, and labour productivity to such a degree that, for all their operations to be effective, SMEs need finance access. For example, manufacturing SMEs may have a higher probability of being strategically market-driven through adequate access to finance because of their capital input requirements.

This study argues that as the enterprise increases its market offering and productivity to a critical level, competition is unavoidable and access to finance would positively influence the purchase of technology, research and development (R&D), machinery, equipment, and training investments to improve its productivity and competitiveness. The researcher is of the view that the effectiveness of market-driven strategies to satisfy the target market relies on the complementarity of access to finance.

In the researcher's words, the conceptual framework of this study (the nexus of market-driven strategies and access to finance) acts as a concept that could facilitate SMEs increasing their capacity to achieve competitive growth in Lesotho. The access to, and the utilisation of finance by entrepreneurs or managers could strengthen the SMEs' capacity to purchase, utilise and improve concepts which could answer the target market expectations, and meet the preferences in the ever-changing enterprise environment.

This suggests that the market-driven strategies and its facets require a complementary tangible resource that is indicated in the conceptual framework of this study, namely, access to finance. The complementary resource 'access to finance', such that, its nexus with market-driven strategies in SMEs may enable or constrain the entrepreneurs or managers dynamic capability of constantly implementing strategies that enable them to recognise opportunities and to achieve competitive growth.

Figure 3.4 below presents the conceptual framework of the current study.

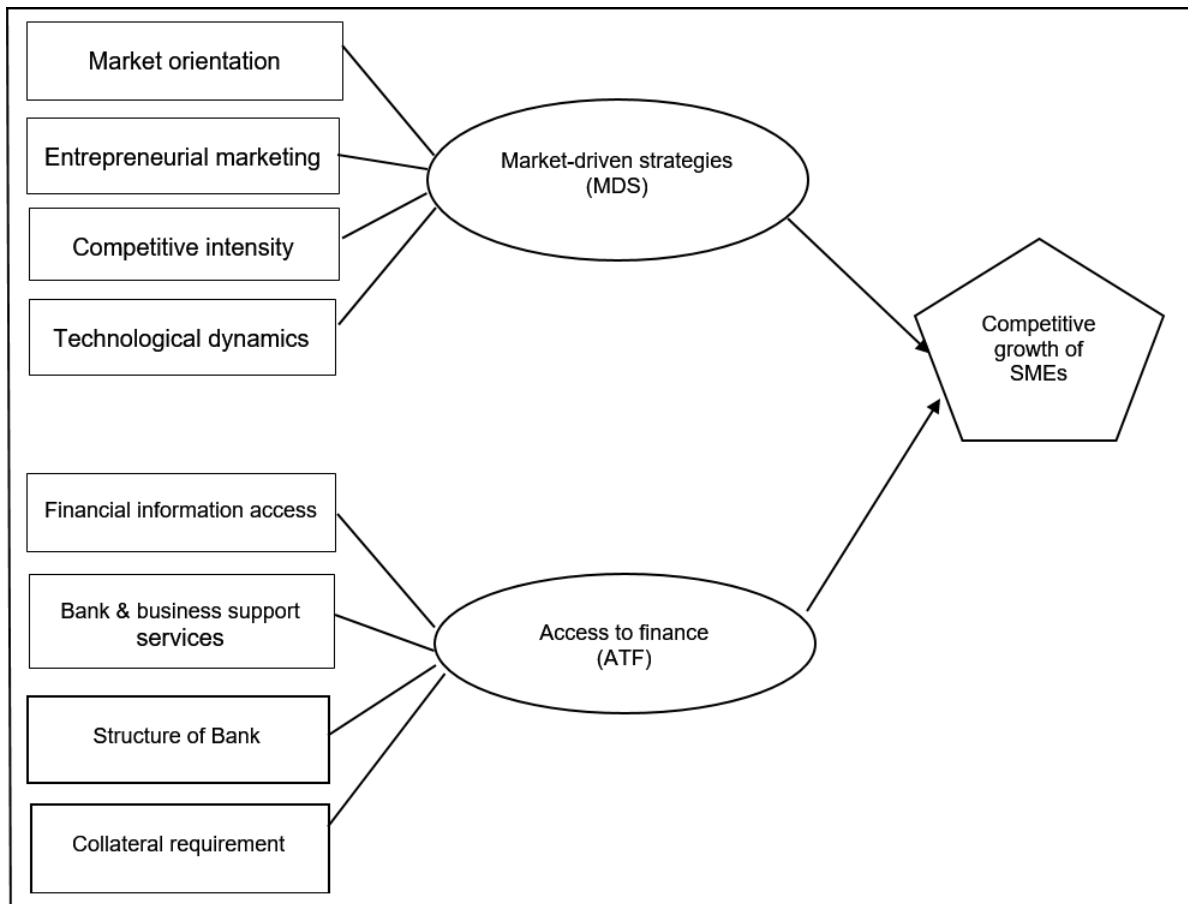


Figure 3.4: Conceptual framework of the study

Source: Researcher's own compilation

3.5 CHAPTER SUMMARY

To summarise, this chapter established that a significant association exists between the market-driven strategies and access to finance that SMEs require in order to attain competitive growth. The detailed review also explained how market-driven strategies and its facets such as the market orientation, entrepreneurial marketing, competitive intensity and technological dynamics and their inter-connectedness, and the factors of access to finance that influence the SMEs' access to finance in order to attain competitive growth. This suggests that, the nexus of market-driven strategies and access to finance could significantly influence SMEs' competitive growth. The conceptual framework in Figure 3.4 above graphically illustrates the study gaps.

The next chapter discusses the research design and methodology employed in the current research study.

CHAPTER 4:

RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

Basotho SMEs need to attain competitive growth in the intense business environment of Lesotho, and this calls for an empirical investigation utilising methodological tools to determine the critical resources needed from market-driven strategies and access to finance to add to the current literature on marketing and entrepreneurship. To determine these critical resources is to seek answers to the following research questions:

- Question 1: What are the structural factors and reliability of the relevant variables of market-driven strategies and access to finance of SMEs in the selected districts of Lesotho?
- Question 2: What is the nature of the statistical interrelationship between market-driven strategies, access to finance and the competitive growth-related factors, as manifested in SMEs in the selected districts of Lesotho?
- Question 3: To what extent do market-driven strategies and access to finance predict competitive growth of SMEs in the selected districts of Lesotho? and
- Question 4: Is there a good fit between the theoretically hypothesised framework and the empirically manifested structural model?

To address these research questions, this chapter provides detailed information on the research philosophy, followed by the research approach and design proposed by the researcher, the pilot study, research site, population and sample. Sequentially, there follows a discussion of the research tool, data analysis, limitations of the quantitative method, ethical consideration of this study.

4.2 RESEARCH PHILOSOPHY

The research paradigm for this study was based on positivism. This approach relates to an enquiry of empirical investigations that hold the deterministic philosophy to identify and assess the basis of effect on the outcomes from the research questions on the influence of market-driven strategies and access to finance on competitive

growth of SMEs. Positivism is related with the quantitative method and it allows the researcher to make assertions on findings based on: (1) deterministic or cause-and-effect philosophy; (2) reductionism, by constricting and concentrating on choice factors to interconnect; (3) comprehensive observations and assessment of variables; and (4) the analysis of concepts that are constantly refined (Creswell & Plano Clark 2011:40). The premise of positivism challenges the conventional perception of outright truth facts, and maintains that researchers conduct empirical and quantitative investigations using scientific conceptual tools as implications for practice to determine the claims of knowledge of reality (ontology) (Gill & Johnson, 2010).

It suggests that positivists tend to view reality as singular when theory explains the phenomenon of the study. An example is when a concept soars above the research study and tries to explain (in a single realism) the results in the study. Creswell and Plano Clark (2011) accentuate the following as components of worldviews and their implication for research practice.

Table 4.1: Components of worldviews and implication for research practice

Paradigm Element	Post-positivism
Ontology	Specific reality (researcher rejects or fails to reject an assumption).
Epistemology	Distance and objectivity (researcher empirically collects data using the research tool).
Axiology	Impartial (researcher adopts checks to eliminate bias).
Methodology	Deductive (researcher tests on a prior concept).
Rhetoric	Formal style (researcher uses agreed-on descriptions of components).

Source: Creswell & Plano Clark (2011:42)

This paradigm among the worldviews, considers the methodological perspective as the research process and practice. Table 4.1 above explains the fundamental stance of the practical propositions on the positivist worldview. This means that people's perceptions, concerns, assumptions and approaches vary in the nature of realism that explains ontology. In line with positivism, ontology suggests specific reality where the factors of market-driven strategies and access to finance are hypothesised to ascertain their influence on SMEs competitive growth in the Lesotho context.

The way knowledge is gained (epistemology) suggests that the researcher empirically collects data from the respondents on issues of market-driven strategies and access to finance on competitive growth in selected districts of Lesotho using the research tool (questionnaire). The research tool was designed to reflect (axiology) core factors of market-driven strategies and access to finance on competitive growth of SMEs. Before the questionnaire was finally administered it was pretested in Maseru, and the any bias in the questions was eliminated (see Section 4.5).

The process of the research approach (methodology) was deductive because it examined the factors of market-driven strategies and access to finance on competitive growth by critically assessing questions developed from each, and such was used to form the general theory. These different opinions influence how post-positivists carry out and report their surveys that should be unbiased, objective and factually based on data analysis (Babbie, 2011). This implies that positivist researchers are biased towards objectivity, deterministic and factual evidence, and are less concerned with subjective views from the multiple perspectives of respondents. This study adopted a post-positivism philosophical approach (Creswell & Plano Clark, 2011).

The positivism design requires the researcher to employ an objective and detailed analysis, namely, from concept to problem question to data, and to improve or challenge the existing philosophy (Babbie, 2011). This suggests that, positivism is skewed towards the quantitative approach that positivists consider is more factual, realistic and reliable than the qualitative research approach (Ivankova, 2015). According to Creswell (2014), most quantitative researchers prefer the quantitative method to the qualitative approach, due to its scientific, technical and less subjective application, and make the outcomes from the application more trustworthy.

This is because positivism outcomes are attained, as positivists follow a well-organised procedures and approach during research and results deliberations. The approach (positivism) is technically well structured in that it allows for minimal variance and drastic component change (Punch, 2011). As a result, the outcomes are more accurate, for empirical and experimentally inclined studies. The application follows defined procedures, by applying objective mathematical and scientific techniques (Babbie, Mouton, Vorster & Prozesky, 2011:24).

The current study adopted the positivism paradigm, based on the premise that the researcher believes that positivists perceive scenarios objectively, and show less interest in the unexplained phenomena and emotions associated with human behaviour. This suggests that, positivism actually considers that objective implications and deductions can be reached only when the researcher has assiduously carried out the survey objectively and with a disregard for subjectivities. The positivism doctrine is ideal because it rests on the paradigm that knowledge, ideas and thoughts should mainly rely on the scientific procedures on elements of worldviews. This explains that positivists are oriented towards reality and objectivity in practice.

In social research, positivists see the method for collecting and analysing data as a channel that opens the door to the scientific methods and elements of the different worldviews, essentially an implication for practice. The researcher regards these opinions as effective in dealing with a social phenomenon in the market environment, such as to examine the influence of market-driven strategies and access to finance on the competitive growth of SMEs in selected districts of Lesotho.

The positivist paradigm is appropriate for this study because the approach seeks to contribute to a better understanding of the market-driven strategies and access to finance constructs, and the extent to which they influence the competitive growth of SMEs. With the positivist paradigm's strong links to the use of quantitative methods in social research, it was considered most appropriate for use this study.

4.3 RESEARCH APPROACH

According to Creswell (2014:295), the research approach is the blueprint and the process for investigation that spans the choices, ranging from initial broad assumptions to the in-depth procedures that were involved in the data-collection processes and analysis. A review of the social research methodology literature suggests that there are two types of research approach, namely, the inductive and deductive approaches (Babbie *et al.*, 2011; Creswell, 2014).

The inductive approach is a research approach aimed at the process where a volume of data is systematically summarised, and organised into categories, specific themes and reasoning (Mertler, 2012). The aforementioned hardly starts from pure observations that employ explicit theory (Babbie *et al.*, 2011).

According to Saunders *et al.* (2016), deductive research is defined as a method which adopts the use of theory and places it toward the beginning of the study. For the purposes of the present study, the researcher preferred to adopt the deductive approach because it examines a concept by critically assessing questions developed from it. In this reasoning, the aforementioned forms the true premises (such as a general theory) that are certain, seek scenarios to measure the relationship between variables and take investigations to true conclusions.

Since the aim of the current research is to explore the influence of market-driven strategies and access to finance on the competitive growth of SMEs in selected districts of Lesotho, the deductive method was deemed to be suitable for the study because it tests, validates concepts, and justifies the related paradigm on which the investigation is based.

4.4 RESEARCH DESIGN

The research design is the context or premise on which entrepreneurial and marketing research studies are conducted (Babbie *et al.*, 2011:74; McNiff & Whitehead (2011). It identifies the specifics and techniques use in collecting, analysing, interpreting and reporting data that proffers possible solutions to marketing entrepreneurial research problems (Malhotra, 2010). The framework also indicates different optional models, their distinctive names, and processes related to them, and in relation to quantitative research (Creswell & Plano Clark, 2011:53).

According to Creswell (2013), there are four basic types of quantitative research design, namely, descriptive, correlational, quasi-experimental and experimental. Table 4.2 explains the two designs that this study explored in its investigation: the descriptive and correlation methods.

Table 4.2: Quantitative research: two approaches to experimental design

Type of Design	Fundamental focus & control of variables	Intervention applied?	Illustration	Common research design
Descriptive	Observational: Defines 'what is'; variable not controlled	No	A narrative of what influences market-driven strategies and access to finance of SMEs to attain competitive growth.	Relative descriptive design, Cross-sectional and Longitudinal design
Correlational	Describes and discerns associations among factors; factors not controlled	No	A research of market-driven strategies, access to finance and a nexus between market-driven strategies and access to finance that drives SME competitive growth.	Descriptive correlation designs, Predictive design, and model-testing design.

Source: Adopted from Burns & Burns (2008:82)

In line with the preceding assertion, the following are brief descriptions of each of the two research designs this study adopts:

Firstly, it is a descriptive design approach because the process seeks to explain the present position of the phenomenon, and the researcher focuses on developing an hypothesis after the data collection. The descriptive approach focuses on concerns with characteristics and patterns, which objectively measure what is observed from the survey. The descriptive approach offers quite logical information, which assisted the researcher to: explain the features of relevant categories in the survey; calculate the percentages of units in a particular and definite population that exhibits certain attributes; and to determine the extent market-driven strategic constructs are related. In this study the descriptive design was suitable in establishing the market-driven strategic factors and access to finance and to the level to which core factors influence competitive growth; and make definite predictions that are objective to the market.

Secondly, the correlational design explores the association between factors with statistical applications, but with minimal focus on issues of cause and effect between them.

In view of the existing quantitative method designs described in the literature, the descriptive correlation design was adopted for this study as it seemed the most

suitable design for the study objectives. The aforementioned fits most appropriately because it allows the researcher to evaluate tendencies and associations with quantitative data, and the method also explain the intricacies around the resultant tendencies. This design sufficiently explained SME entrepreneurs' and managers' constraints related to market-driven strategies, access to finance and provided the necessary measures they can employ to attain competitive growth in the highly competitive business environment of Lesotho.

4.4.1 Methodological choice

According to Saunders *et al.* (2016:165) and Babbie *et al.* (2011:49), there are three dominant methodological paradigms relevant to social research, namely, the qualitative, quantitative and mixed-methods approaches. This study adopted the quantitative method.

Quantitative research is defined as the process of manoeuvring statistical data that represents the observations with the aim of defining and explaining the phenomena reflected in the observations (Saunders *et al.*, 2012:166; Babbie, 2011:420). The quantitative method was suitable for the current study because it emphasised the analysis of data based on question specificity, and in line with applicable statistical tests to address the research questions.

Since the researcher is pursuing an 'analytic' or 'systemic' technique that objectively understands the interface of variables in a multifaceted world, this suggests that the quantitative approach is most suitable (Punch, 2013; Milina, Norreklit & Selto, 2011). The quantitative approach influenced the researcher's ability to de-emphasise personal conclusions, stresses the use of scientific and tested techniques to arrive at outcomes that can be generalised to the population of study (as discussed in Section 1.6 of Chapter 1).

The researcher preferred the quantitative method because (1) the approach is biased towards high methodological and logical processes, and (2) it can be used to link some factors and to give quantitative answers to some research questions in the study. Statistically, the quantitative method was useful in assessing the properties of phenomena that involve quantitative dimensions in the study.

The quantitative method required that the researcher should first conduct a pilot study focused on the target population to establish that the questions were straight-forward and clear to respondents, and where necessary, to make corrections on the research

tool before administering it in the survey.

4.5 PILOT STUDY

The research tool was tested in a pilot study to ascertain the questions' simplicity and clarity and to determine the validity of the instrument. The researcher randomly selected 15 respondents, which includes five each of SME entrepreneurs, managers and academics (experts in the entrepreneurship in the universities and in the polytechnic) in Maseru for the pilot study. The questionnaire was administered to them to preliminary assess the respondents' level of comprehension of the questions, and to justify from their point of view the validity of the questions. From the academicians in the universities and polytechnic, the exercise was also conducted to measure the perfunctory features (grammar, content, form, readability, and understandability) of the draft questionnaire, and to make the necessary corrections and to ensure the appropriate construct validity and reliability of the research tool.

The feedback on the pilot study assisted the researcher to try and identify potential and practical problems, and to make the necessary adjustments in the research procedures before the questionnaire was then administered to the four districts. In the administration of the questionnaire to the four districts, the respondents who took part in the pre-test exercise were not part of the final survey. The researcher adopted the aforementioned to usher the perspective that guided pragmatic, effective and efficient data collection and analysis.

4.6 RESEARCH SITES

This study was conducted in Lesotho, as the country of interest. Lesotho is made up of the following ten districts: Berea, Butha-Buthe, Leribe, Mafeteng, Maseru, Mhales-Hoek, Mokhotlong, Qachas-Nek, Quthing and Thaba-Tseka. The districts sampled included the three industrial districts of Leribe, Mafeteng and Maseru, the capital of Lesotho, as they host the highest number of SMEs (GoL, 2016). The fourth district sampled was Butha-Buthe, which is a non-industrial district, but data obtained from the Government of Lesotho (GoL, 2016) indicated that it hosts a relatively high number of SMEs if compared to the other six non-industrial districts of Lesotho (Berea, Mhales-Hoek, Qachas-Nek, Quthing, Mokhotlong and Thaba-Tseka) (GoL, 2016). Table 4.3 lists the districts and the coverage by the locations.

Table 4.3: Research sites by districts

DISTRICTS	COVERAGE BY LOCATION
District 1	Butha-Buthe; (Non-industrial) North of Lesotho and proxy to Fouriesburg.
District 2	Leribe; Industrial district, North of Lesotho, proxy to Ficksburg.
District 3	Mafeteng; Industrial district, South of Lesotho, proxy to Van Rooyen
District 4	Maseru; Industrial district, capital of Lesotho and proxy to Lady Brand

Source: Researcher compilation (2020)

4.7 POPULATION AND SAMPLE

A population is the total pool of all observations of interest included in the study (Malhotra, 2010). This is the specific target population - the entire group about which the study makes its judgment. This implies that the target sample must sufficiently represent the population under the survey.

The sample for this study was drawn from the target population of about 5000 active SMEs (Basotho and other African enterprises), which consisted of entrepreneurs and managers of SMEs who currently operate their enterprises in the four districts of Lesotho. The entrepreneurs were chosen because:

- Entrepreneurs are directly involved in the operation of the enterprises;
- Marketing managers, as entrepreneurs, have a good knowledge of the marketing operations of the enterprise; and
- Entrepreneurs have a good understanding of the enterprise's overall framework.

However, where entrepreneurs did not play an active role in the SMEs, managers as employees, served the same purpose as entrepreneurs, and this inferred that:

- Marketing managers, like entrepreneurs, have a thorough knowledge of the marketing operations of the enterprise; and
- Managers, as employees, also understand clearly the dynamics in market-driven strategies and the finance issues of the enterprise.

In view of the target population sampled for quantitative data that also served as the benchmark for the sampling frame, the researcher also considered the ultimate purpose of sampling (Punch, 2013; Saunders *et al.*, 2012). During sampling the

researcher ensured that persons selected and information sources were adequate and reflected the features of the population and enterprises for whom the research findings were anticipated and significant. The population selected suited the descriptions of the components (statistics) perfectly and portrayed the strictures of the entire population from which the respondents were selected.

4.7.1 Sample frame, size and selection

A sampling frame is the exact list of the sample components from which the sampling exercise is chosen (Babbie *et al.*, 2011). In practice, existing sampling frames often define the study population by specific criteria (Saunders *et al.*, 2012; Malhotra, 2010). It is a depiction of the target population that is identified under two broad techniques: probability and non-probability sampling. In probability sampling, samples are selected by chance. The possibility of every potential sample could be pre-specified of a specific size to be drawn from the population (Malhotra, 2010). This is because potential samples do not need to have the same probability to be selected but require precise definition and precision of the sample estimate characteristics of the target population (Malhotra, 2010). Probability sampling considers aspects such as simple random sampling, systematic sampling, stratified sampling and cluster sampling. (Maree, 2016). Nonprobability sampling can be considered when there are constraints of sampling frames of specific populations at a time and when the cost restrictions make the surveying of a widely dispersed population impractical (Saunders *et al.*, 2012). The study considered the probability approach of stratified random sampling.

Based on the current data from the Ministry of Small Business Development, Cooperatives and Marketing (MSBDCM) (GoL, 2016:10), Lesotho currently hosts about 13 899 formal MSMEs. From the 13 899 formal MSMEs, not more than 5000 are active SMEs in the four districts, excluding the bulk micro and survivalist businesses (GoL, 2016:11). The data from the MSBDCM (2016) indicates that active SMEs in each of the four districts are as follows: 37.5% in Maseru, 25% in Leribe, 20% in Butha-Buthe and 17.5% in Mafeteng.

Firstly, Yamane's (1967) formula was used to calculate the sample size of this research study, as shown below:

$$n = \frac{N}{1 + (N)(e)} 2$$

Where

N = Active SMEs in the four proposed districts data (GoL, 2016).

n = Sample size estimates

e = the study used 0.05 as error term

$$n = \frac{5,000}{1 + (5,000)(0.05)} 2 = 370$$

The sample calculation result was estimated as 370 respondents. The researcher rounded the sample calculation to a total of 400 to allow for robustness in the survey, from which the SMEs formed the quantitative data to explore the influence of the market-driven strategies and access to finance on competitive growth of SMEs in selected districts of Lesotho.

As indicated in Table 4.4, these proportions were subject to the distribution of SMEs in the four districts of Lesotho that were sampled.

Table 4.4: Selection of sample size (N = 5000)

Districts	Estimated active population	Sample size	Proportional representation
District 1: Butha-Buthe	1000	80	20%
District 2: Leribe	1250	100	25%
District 3: Mafeteng	875	70	17.5%
District 4: Maseru	1875	150	37.5%
Total	5000	400	100

Source: Researcher's own compilation (2020)

After the suitable sample size of 400 had been determined, the stratified random sampling technique was used to select representatives from each of the four districts of active Basotho SMEs. The list of SMEs in the four districts was obtained from the Ministry of Small Business Development, Cooperatives and Marketing in Maseru and indicated enterprise's classifications. Most of the SMEs are homogenous using the number of employees that fall under the categories of retail and service in each of the four districts. This was applicable to SMEs that fall into manufacturing and construction.

According to Saunders *et al.* (2016) the stratified random sampling allows the target population to be selected based on the proportion of their numbers in each district. The proportion of respondents was in line with the active number of SMEs in each of the four districts (see Table 4.4). The technique was accurate for the sampling frame because the respondents were easily accessible for face-to-face contact and it was easy to identify each enterprise that falls into SMEs, using the number of employees as the reference in each enterprise (see Section 1.3).

The stratified sampling technique was more representative of SMEs during the sampling process and it ensured that each of the category of enterprises was represented proportionally within each of the four sampling districts. The stratified random sampling was preferred because it gives a better comparison and representation across SMEs in each of the four districts (Saunders *et al.*, 2016).

The proposed sample size also appropriately agrees with Fowler's (2009) table estimations, given a population size of about 5 000 at 95% confidence level, with 0.5 degree of standard deviation and a margin of error (confidence interval) of $\pm 5\%$, 385 responses are needed from a random sample (Creswell, 2014). This is the reason the researcher set the total of the sample at 400, this is because the sample 400 was good enough for a rigorous quantitative study and met the requirements of the statistical test (Malhotra, 2010). This process adequately reflected respondents who were representative of the studied population, as the goal was to generalise the study results to the 18% of SMEs in Lesotho.

The logic of this probability sampling succinctly indicated that the population was identical in many respects, for example, in this study the focus was on the Basotho- and other African-owned SMEs. It indicated where all demographic characteristics, attitudes, experiences, behaviour, and so on were to an extent identical, and in such a case, the sample was indeed sufficient.

4.8 RESEARCH TOOL

The research tool was designed to assess and measure issues that relate to market-driven strategies and access to finance in SMEs. The questionnaire consisted of four sections in the following sequence:

Section A: Demographic profile;

Section B: Core constructs of market-driven strategies, namely, enterprise's market orientation scale; entrepreneurial marketing scale; competitive intensity and technological dynamics;

Section C: Core factors of access to finance, namely, financial information access; bank and business support services; structure of bank and collateral requirement, and

Section D: Competitive growth.

Each of the sections consists of a number of structured questions (Appendix C, sections A – D of the research tool).

Sections B, C and D of the questionnaire used 7-point Likert-type questions, which measured all the factors relevant to the study (market orientation, entrepreneurial marketing, competitive intensity and technological dynamics, financial information access, bank and business support services, structure of bank and collateral requirement and competitive growth by SMEs). The 7-point Likert scale was chosen because it was found to result in stronger a correlation with the t-test. The 7-point scale suggests that reliability is better optimised (Saunders *et al.*, 2016; Maree, 2017). The 7-point Likert scale ranged from 1 = strongly disagree to 7 = strongly agree.

The 7-point Likert-scale measures the underlying concept of the researcher's interest in evaluating the influence of market-driven strategies and access to finance on the competitive growth of SMEs in the four selected districts of Lesotho. The 7-point Likert-scale is noted for its specificity with regard to structured questions, and the scale is balanced on both sides of a neutral option, which makes measurements less biased (Babbie *et al.*, 2011; Mouton, 2011).

The approach allowed questions relating to market-driven strategies to be structured together, as well as access to finance questions in a similar structure. This implies that all 7-point Likert-scale questions were categorically structured to ensure that the total scores were similar and would produce a reliable assessment of market-driven strategies and access to finance. The data results are presented in the form of a scale in the analysis chapter of the study, and the researcher did not mix the scales within the survey. This is because the Likert-type questionnaires are noted for their simplicity and suitability for making quantitative inferences (Babbie *et al.*, 2011).

When the research questions for the study were designed, the researcher ensured that the questions were simple and direct to allow various participants (respondents) to respond to them. The items in the research tool were adopted from Asikhia (2006; 2010); Narver and Slater (1990), and Osano and Languitane (2016). Consideration was also given to the number of questions that the respondents could complete within 30 minutes.

4.8.1 Data collection procedure

The researcher employed 10 research assistants during the survey. They were trained on research ethics and research procedures which emphasise honesty and transparency, in line with the research *modus operandi*. A formal contract to this effect was signed between the researcher and research assistants (see Appendix D). Part of the contract between the researcher and research assistants included that they will serve as interpreters for respondents who do not understand English fluently.

During the survey, the researcher and the 10 assistant researchers distributed the self-administered questionnaire in the four selected districts (Butha-Buthe, Leribe, Mafeteng and Maseru) over the course of eight weeks. During the administration of the research tool (questionnaire), caution and research procedures were observed and the research respondents were not pressurised and their dignity was prioritised. The researcher obtained full approval from the respondents before the commencement of the survey and they understood that they could withdraw from the study at any time without suffering any consequences. The survey exercise ensured that each respondent's privacy, anonymity and confidentiality were respected, guaranteed and protected (Babbie *et al.*, 2011). Any other form of communication with regards to the study survey was honest and transparent, and in line with the University of South Africa's (UNISA) research ethical guidelines.

After the administration of the questionnaire, a total of 393 questionnaires were returned, and out of this number, 384 questionnaires were completed without errors. Nine questionnaires were not properly completed and were eliminated because the researcher could not gather useful information from them, and seven other questionnaires were not returned. The high response was due to the fact that the researcher and assistant researchers were familiar with the surveyed districts and they

spent time (two weeks) in each district to get the feedback and without subjecting the respondents to any form of duress.

The researcher then proceeded with the data entry and analysis, primarily to address the research questions. This is the reason the quantitative approach design was probably used because it was the most straightforward type of data analysis, the technique is astute and only accounts for minimal errors during the analysis process (Maree, 2016; Babbie *et al.*, 2011).

4.9 DATA ANALYSIS

The data analysis of the current study started with the factor analysis tests, followed by the reliability test, descriptive analysis, correlation, regression and structural equation modelling, as discussed later in the chapter. Prior to the regression analysis, the study determined the structural factors, followed by the reliability tests. The validity and reliability tests were done to ensure that all items in the questionnaire describe the magnitude, and were consistent with the specific characteristics in each item which formed the scale.

4.9.1 Validity and reliability coefficients

The validity of the research tool indicated the degree to which the data that was collected was measured and consistent to determine the proportion of systematic variance in the scales (Malhotra, 2010:318). According to Ivankova (2015), validity of the questionnaire describes the magnitude to which the questions assess what they should measure. While validity differs in quantitative research compared to other methods, the quantitative validity indicated that the scores obtained from the survey were in congruence with the construct of interest (Ivankova, 2015). The content validity and criterion validity of the research tool also confirmed similar affirmations (Creswell & Plano Clark, 2011; Mncina, 2016).

The researcher embarked on an assiduous process to obtain some representative samples from the target population of SMEs by adopting a probability-based stratified random sampling technique (as indicated in Section 4.7.1).

To summarise, the questionnaire addressed issues related to market orientation, entrepreneurial marketing, competitive intensity, technological dynamics and factors influencing access to finance, which effect SMEs' competitive growth.

To ensure that the tests indicated very minimal measurement errors, the content validity of the research instrument was tested, and indicated that all scale items sufficiently measured all the facets of the constructs. To ensure that each measurement conformed to and addressed the questions in each construct, the construct validity test was used. The factors underlying latent variables were established using eigenvalues. Items loading within a particular factor (construct) specifications were integrated into the facet of the particular latent variable.

To succinctly address all pertinent issues in the study and faced with quite a number of variables to deal with, the exploratory factor analysis (EFA) was adopted, due to EFA perceiving the factor pattern of the data with no restrictions on specifications, and rather emphasising the underlying structure indicated by the data. The EFA indicates variables that define the association amongst a set of factors. EFA also assists to obtain the loading from each factor extracted, which is displayed in the factor matrix. The data was initially assessed and considered appropriate for factor analysis, then the EFA was conducted on the sample using SPSS Version 25. The factor analysis confirmed that the construct and the loading of observed factors were in conformity to the research expectations on the basis of the philosophy of the study.

The two other factor analyses used in the research were the Bartlett test and the Kaiser-Meyer-Olkin (KMO).

- The Bartlett test of sphericity tested the null hypothesis that the association matrix was an identity matrix and significant at $p < 0.05$ (Bartlett, 1954).
- The Kaiser-Meyer-Olkin (KMO) measured the sampling fitness. The KMO scale of sampling suitability was an index which showed the fitness of the factor analysis. The value of KMO obtained indicated that the factor analysis was suitable for the study, as it exceeded the minimum threshold of 0.5 (see Section 5.5.1.1).
- The KMO and Bartlett's tests gave the overall significance of intercorrelations within a correlation matrix for the market-driven strategies and access to finance constructs. The pattern matrix with Varimax extraction technique maximises the sum of variances of the required loading of the factor matrix. The total variance

analysis explained that all the variances in each construct (market-driven strategies and access to finance) were common or shared.

The scree plots (market-driven strategies and access to finance) explain the latent roots against the number of factors in their extraction and the elbow shape explains where the cut-off point is. The scree plot was used because it explains the maximum factors extracted from the market-driven strategies and access to finance constructs that qualify for the analysis, and it suggests that going beyond that would not be acceptable because too large a proportion of unique variance would be included. The communalities analysis was used to verify if each item was adequately accounted for by the factor solution and to meet acceptable levels of explanation.

In line with this preliminary analysis, the results showed that observed variables loaded, as anticipated, on the predictable numbers of variables (Section 5.5.1.1).

Reliability refers to the degree to which the test tool reliably measures whatever it is supposed to measure, as a means for evaluating methodological quality (Malhotra, 2010). Reliability is viewed from the context that any systematic source of errors should not have a serious impact on the reliability of the instrument. The research instrument (questionnaire) was administered consistently in line with standard practice from one respondent to another among SME entrepreneurs, or managers of SMEs, in the four districts (as indicated above). The Cronbach's alpha was used to ascertain the reliability of the results (Saunders *et al.*, 2016; Tshabangu, 2016).

This study tested for the internal consistency reliability to assert the consistency of measures for all the summated scale survey items that formed a total score (Maritz, Pretorius & Plant, 2011). This implies that the scale indicated the sub-set of each item measured in the construct. The process also showed that all items were consistent, and indicated the specific characteristics in each item that formed the scale. The Cronbach's alpha coefficient approach was considered appropriate, effective and efficient in splitting the scale items to obtain the desired outcomes.

According to Malhotra (2010:319), the Cronbach's alpha coefficient ranges from 0 to 1, but values of 0.7 and above are considered appropriate and satisfactory as determinants of internal consistency reliability. George and Mallery's (2003) rule of thumb further indicated the following classifications in determining the reliability of a measuring instrument as:

- > 0.9 – Outstanding
- > 0.8 – Good
- > 0.7 – Adequate
- > 0.6 – Debatable
- > 0.5 – Poor
- < 0.4 – Not acceptable

According to Saunders *et al.* (2016), alpha values of 0.8 and above are rated highly outstanding and it implies that the items which formed the construct are considered homogenous. Though the generally considered lower limit for Cronbach's alpha is 0.7 (Malhotra, 2010), this study also considered Hair *et al.*'s (2010; 2014) argument of a minimum 0.6 Cronbach's alpha value as acceptable in exploratory research.

Since this study is involved in exploratory research, the researcher ensured that the internal consistency and reliability of all factors were captured in the 7-point Likert-scale. The Cronbach's alpha coefficients for market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, access to finance factors, and competitive growth were calculated and were within the acceptable values after regrouping into eight new factors (see results in Section 5.6). It was concluded that the questionnaire addressed the study objectives pragmatically, validly and reliably, and was appropriate for the research study.

4.9.2 Descriptive statistics

The descriptive technique was used, as it allowed the researcher to first identify data entry errors, followed by the process of the description and reporting of the data, and finally, to determine the appropriateness of the data output for the study's statistical analysis (Punch, 2013). Descriptive statistics were applied because it focuses on describing and summarising the quantitative data with the purpose of identifying trends and patterns in the data, and it uncovers potential relationships among the variables (defined as something that can change or vary) (Ivankova, 2015).

The details of the questions in the research tool used for the analysis are in the summary tables of descriptive statistics in the analysis chapter.

Details of other techniques adopted to analyse the data are presented in the next sections. The software program that was used for the analyses was the Statistical Product and Service Solutions (SPSS) 25.

4.9.3 Correlation analysis

Before the correlation analysis, the data was subjected to tests for normality. The Shapiro-Wilk test is known to have more power in detecting differences from normality, and the results showed that none of the p -values were greater than 0.05. This indicated that the data did not have normality, and suggested the nonparametric tests to be used (see Table 5.16 in Chapter 5).

According to Ivankova (2015), the Spearman's correlation analysis is a statistical analysis that summarises the strength of the relationship between two metric independent factors. It is also the statistical procedure that provides information on how two scores are associated in the research question that influences an outcome (Malhotra, 2010).

The analysis used Cohen's (1988) conventions for the correlation coefficient. According to Cohen (1988) and Burn and Burn (2008), the following correlation coefficients are usually accepted: 0.10 for a small effect size, 0.30 for a medium effect size, and 0.50 for a large effect size, irrespective of the sign. These measures further included correlation coefficients which expressed the direction and degree of the association between the two factors, between +1.00 and -1.00. In the analysis, relations between factors are explained in terms of their direction (positive or negative). The 'r' value explains the strength of the association. A positive association is seen when 'r' is greater than 0; a negative association when 'r' is smaller than 0; and when there is no correlation 'r' will be equal to 0. According to Mokalake (2015), a relationship exists between factors when an increase in one factor necessitates a corresponding need to increase the other factor (and *vice versa*), which is then called a positive association. In this study, the accepted p -value cut-off of $p \leq 0.01$ and $p \leq 0.05$ were used, and as such, they are adopted in most behavioural sciences research (Hair *et al.*, 2010).

4.9.4 Regression analysis

Regression analysis is a potent and flexible process of measuring an associative correlation between two interval or ratio constructs, one a dependent factor, and one or more independent factors (Malhotra, 2010; Saunders *et al.*, 2012). In this study, according to the theoretical model, all independent factors and the dependent factor were clearly well-defined. Multiple regression techniques were adopted because more independent factors and a dependent factor were involved in this research analysis. The software program SPSS version 25.0 was used to calculate the regression coefficients, and also provided indicators of how well the independent factors were predictors of the dependent factor in the research question. The results of the regression are presented in summary tables, namely, model summary, analysis of variance (ANOVA) and in the standardised coefficient of determination.

The model summary tested for the model fitness (R^2) and the adjusted R^2 tested for the realistic estimates of the proportion of the variation that is predicted by the covariates included in the model in Table 5.18 in Chapter 5. ANOVA assessed and presented the statistical significance of the analysis. Prior to the analysis, the researcher first took note of the effect of the uncontrolled independent factors. In the analysis the tolerance values of each of the eight variables for market-driven strategies and access to finance exceeded the 0.10 cut-off point for determining multicollinearity (Malhotra, 2010). In each of the analysis, it showed that the researcher did not violate the multicollinearity assumption (Pallant, 2011). The variance inflation factor (VIF) values of the eight variables in the model were all below the cut-off of 10 (Pallant, 2011).

The F-test tested the significance of the regression model predicting the dependent factor and indicated variance in the group means. The standardised coefficient was used to analyse the multiple regression analysis that determined the regression coefficients (β). The results of the estimations for the model indicated the variables that contributed statistically with a unique significant contribution ($p < 0.05$) to the dependent variables (competitive growth) for the model (market-driven strategies and access to finance).

The regression model below, was adapted from that of Osano and Languitane (2016):

$$\text{COMPGRO} = \beta_0 + \beta_1 \text{MO} + \beta_2 \text{EM} + \beta_3 \text{COMPINT} + \beta_4 \text{TECHDYN} + \beta_5 \text{FIA} + \beta_6 \text{Bbss} + \beta_7 \text{SoB} + \beta_8 \text{COLLATA} + \varepsilon \dots \dots \dots (1)$$

Where:

COMPGRO = dependent factor (competitive growth);

β_0 = constant

$\beta_1 - \beta_8$ = model parameters or coefficients;

MO, EM, COMPINT, TECHDYN, FIA, Bbss, SoB and COLLATA = independent factors, namely, market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, bank and business support services, structure of bank and collateral requirement; and

ε = error term.

4.9.5 Structural equation modelling

According to Malhotra (2010:723), structural equation modelling (SEM) is a process for approximating a sequence of dependence associations amongst a set of models or concepts represented by multiple estimated variables and integrated into an incorporated model. The structural equation modelling was used to estimate all the coefficients in the model, their significance and the strength of the relationships within the model. The structural equation modelling analysis covariance also determined how well the proposed estimates describe the observed associations or covariance matrix amongst estimated variables (Hair *et al.*, 2014). This technique (SEM) has been used in previous research, such as the studies by Hair *et al.* (2010, 2014); Ajayi and Oyedele (2018); Chen *et al.* (2011) and Kline (2010).

According to Malhotra (2010), structural equation modelling has the following advantages:

- Structural equation modelling helped to assess the characteristic dimensions of market orientation, entrepreneurial marketing, competitive intensity, financial information access, structure of bank, bank and business support services and collateral requirement factors peculiar to the process, and then tested the projected theoretical associations by adopting one technique.

- Structural equation modelling examined the structure of the interrelationship, which was explained in a series of structural equations.

The analysis noted that all the relationships among the constructs, both dependent and independent factors, took into account the measurement error and they were appended. In structural equation modelling, measurement error describes the extent to which the predictor factors do not evaluate or measure the dependent factors in the analysis (Malhotra, 2010). This was in line with the aim of this research: “To investigate the influence of market-driven strategies and access to finance on the competitive growth of SMEs in selected districts of Lesotho”.

Congruent with these assertions, the estimated multiple regression results explained by all the exploratory factor analysis tests are presented in the analyses in Chapter 5 of this study.

Regarding the estimation technique, the maximum likelihood estimation (MLE) was used because the sample size was within the range of 200 to 400, and subject to the fact that there was less than 10% missing data (Malhotra, 2010). The regression weight (estimated PATH coefficient analysis) assisted the researcher to answer the questions related to the extent that the proposed model complied with the measured values.

Covariances were used in the analysis to indicate a dynamic association between two factors, which informs that a change in one factor will necessitate a change in the other factor (Malhotra, 2010; Kline, 2011). In the analysis, positive and significant relationships were seen between the observed variables. Square multiple correlation was used to indicate the extent to which all the predictor variables variances were explained by the latent construct or factor in each model, as explained in the analysis in Chapter 5 of this study.

For the measurement of accuracy and validation of each model, Kline (2011) suggests that the following fit indices be used to validate absolute fit (see Figure 4.1).

4.9.6 Model fit measurement

According to Malhotra (2010), goodness-of-fit defines measures which test the degree of fitness of the observed sampled data in the hypothesised distribution. The test was

used to compare how well the observed sample fit with the observed frequencies in the analysis.

During these tests two major statistical assumptions were that the distributions were: (1) uniform (equally split) and (2) normally distributed.

All the tests indicated that the models reproduced the covariance of the indicator variables to the observed covariance in the sample data.

The Figure 4.1 below presents the various measures designed to assess model fit.

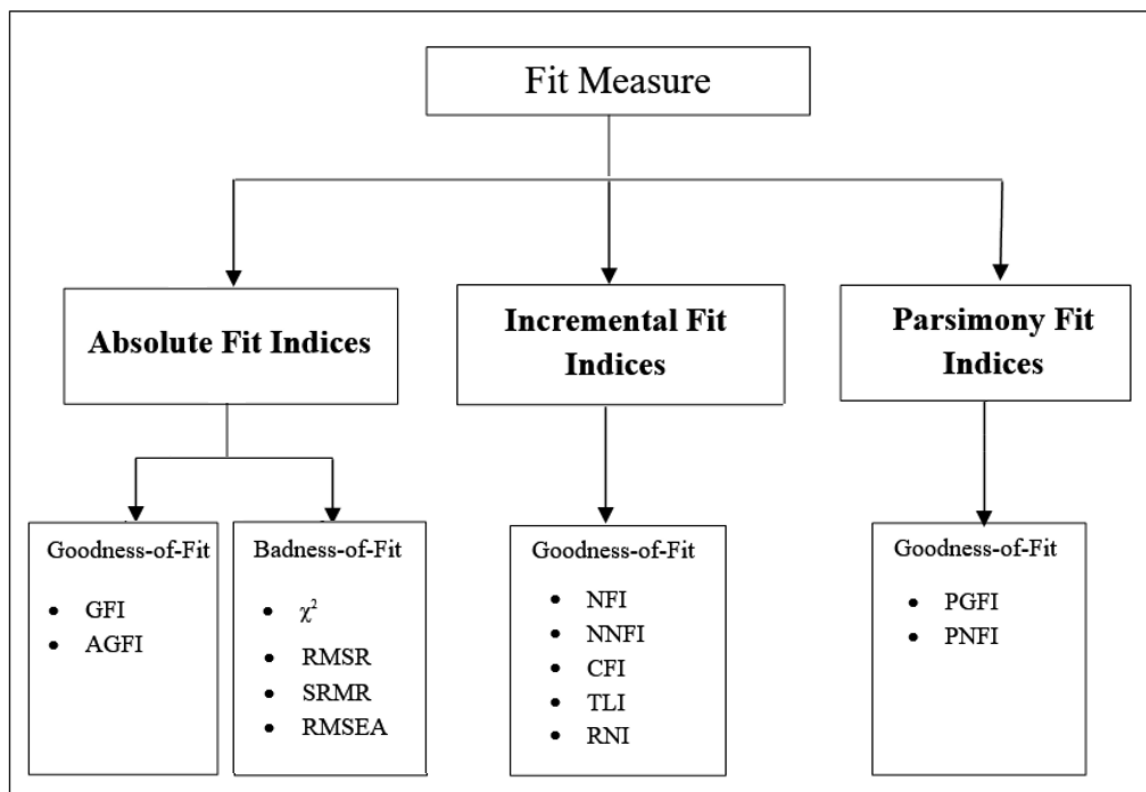


Figure 4.1: Model fit measurement

Source: Adapted from Malhotra (2010:731)

The study adopted the three fit measures to assess the model fitness, in terms of either goodness-of-fit or badness-of-fit (Field, 2018; Kline, 2015; 2011). According to Malhotra (2010), the goodness-of-fit (GFI) index is a measure of the absolute fit, incremental or parsimony fit indices, whereas the adjusted goodness-of-fit index (AGFI) accounts for the degree of freedom in the model. In all model specifications in this study, the GFI, AGFI, CFI, NFI, TLI, PGFI and PNFI were considered as measures that assess model fitness.

According to Kline (2015), other absolute fit indices used in the validity of data analysis are the Normed Chi-square (CMIN/DF) and the root mean square error of approximation (RMSEA). In this study, CMIN/DF indicated the statistical test of the difference in the covariance matrices for market-driven strategies and access to finance, while RMSEA was used to test the variance between the actual and predicted covariance. The RMSEA was used to adjust the chi-square values in the analysis by factoring in the degrees of freedom, and the sample and all values indicated a better model fit. An RMSEA value of ≤ 0.08 is considered conservative (Kline, 2011).

Hair *et al.*, (2014) and Chen *et al.*, (2012) suggest the following recommended the level of the goodness of fit measures; normed Chi-square (CMIN/DF) < 5 (preferably 1 and 2), RMSEA < 0.10 (preferably < 0.08), higher values in the 0.90 range are considered good fit for GFI, AGFI, CFI, NFI, TLI, PGFI and PNFI although they are affected by sample size.

4.10 LIMITATIONS OF THE QUANTITATIVE METHOD

Saunders *et al.* (2012) consider research methodology as the central pivot on which the research study rests. As with all quantitative method studies, descriptive correlation methods can suffer validity challenges where the researcher fails to astutely determine the accuracy of scores obtained from the quantitative processes. In this study, the scores were accurately determined and proper representations of the target population were made during the survey and analysis, and these positively affected the findings.

This study was restricted to the quantitative method where the application of statistical techniques was circumscribed within the understanding of the overall research aims and design. From the deductive perspective, this study was also restricted to the exploration of the data in relation to each research question. In line with the quantitative technique adopted in the study, the questions were structured as close-ended, which allowed respondents limited options as responses. As a result, the findings are limited to the focus outlined in the study, and the results are generalised to the 18% that falls within the SME population in Lesotho (as discussed in Section 1.6 of Chapter 1).

The researcher preferred the quantitative method for the research study, and carefully ensured complete randomisation, and the correct designation of respondents during the survey, as indicated in Section 4.7.1 of the current chapter and the analysis process.

4.11 ETHICAL CONSIDERATIONS AND CLEARANCE

According to Brynard, Hanekom and Brynard (2014), ethical considerations are key ethical principles that ensure honesty and transparency. It is considered an important part of any research. The data-collection procedures for this study allowed for a procedure free of possible bias in the process. Since more than one investigator (researcher) was involved in the data collection, training was provided to the assistant researchers for the proper procedures to follow when administering the research tool (as indicated above). Prior to this, ethical clearance was obtained to conduct the research study.

Ethical clearance is a process of obtaining permission to conduct the research from the Research Ethics Review Committee of the designated department of the University of South Africa (UNISA). The researcher applied for Research Ethics Clearance to the Department of Finance, Risk Management and Banking Research Ethics Review Committee in the College of Economic and Management Sciences for the research topic: The influence of market-driven strategies and access to finance on the competitive growth of SMEs in the selected districts of Lesotho. This was done for final authorisation for the period of the research from the date of issue. Full approval was granted after the application was reviewed in compliance with the UNISA policy on Research Ethics (see Appendix A). The application indicated that the proposed research is expected to commence on condition that:

- The researcher will adhere to all the values and principles expressed in the UNISA policy on Research Ethics relevant to the research study;
- Any contrary situation that may arise during of the research study that is pertinent to the ethicality of the study, including changes in the methodology, must be communicated in writing to the Department of Finance, Risk Management and Banking Management Ethic Review Committee;

- The researcher while carrying out the study must abide by any applicable national legislation, professional codes of conduct, institutional rules and scientific values pertinent to the particular field of the research; and
- The researcher ensured that all necessary letters of permission were obtained and attached to the application as required by UNISA for ethical clearance (see Appendix B).

Approval was also obtained to carry out the survey in the four selected districts of Lesotho from the Ministry of Small Business Development, Cooperatives and Marketing (see Appendix B).

4.12 CHAPTER SUMMARY

This chapter provided detailed discussions of the research philosophy that established the positivism construct. The research design and research approach that was adopted explained that the analysis will be skewed towards the deductive approach which established the quantitative technique as the suitable method. The research population and sample used in the study were summarised and linked to the current study. Data validity and reliability were confirmed using measures of internal and external validity through factor analysis and Cronbach's alpha analysis. Correlation, regression analysis and the structural equation modelling (SEM) approaches were explained as the techniques that were used to analyse the data of the influence of market-driven strategies and access to finance of SMEs to attain competitive growth. The limitation of the quantitative analysis was discussed and this was followed by a discussion of the research ethics applicable to the research study.

The next chapter presents and discusses the findings of the study.

CHAPTER 5: RESULTS

5.1 INTRODUCTION

In this chapter, the findings from the questionnaire, with reference to the survey of the SMEs, are presented and interpreted in the following sequence, namely, demographic profile of respondents, descriptive statistics, tests of validity and reliability for the SME survey, reliability test, correlation analysis, regression analysis and structural equation modelling (SEM). Sections 5.5 to 5.9 of this analysis attempt to align the presentation of the findings with the research objectives and questions.

5.2 DEMOGRAPHIC PROFILE OF RESPONDENTS

The term demographic physiognomies of respondents refer to contextual information pertinent both to define the data information obtained, and to allow for interpretations from it, in other words, to attain the study completeness (Melese, 2016). This section is specific to the demographic physiognomies of respondents (entrepreneurs and managers of SMEs and from the four districts surveyed in Lesotho), and it includes the individual personal profile of the entrepreneur and managers, the respondent's gender, nationality, type of enterprise, age of the entrepreneur or manager, the SME's sector classification, role in the enterprise, level of education of entrepreneur or manager and working experience. Other pertinent information on the characteristics of the SMEs is the type of enterprise, age of the enterprise and the location of the enterprise.

As discussed in Section 4.7 in the preceding chapter, a sample of 400 SMEs was drawn from the four main districts in which SMEs are concentrated in Lesotho through stratified sampling techniques to sample respondents in SMEs. In total, 384 questionnaires were completed without errors; this constituted a 96% used in the data analysis. Following this assertion, a summary of the demographic characteristics of the survey respondents is presented in Table 5.1 and discussed in sub-sections 5.2.1 to 5.2.10 below.

Table 5.1: Demographic profile

	Count	Percentage %
Gender		
Female	120	31.0
Male	264	69.0
Total	384	100.0
Nationality distribution in the sample		
Other African National	27	7.0
Mosotho	357	93.0
Total	384	100.0
Age of the entrepreneur or manager in the sample		
25-29	22	6.0
30-34	52	13.0
35-39	68	18.0
40-44	87	23.0
45-49	90	23.0
50 and above	65	17.0
Total	384	100.0
Role in the enterprise		
Manager	112	29.0
Entrepreneur	272	71.0
Total	384	100.0
Highest education level attained in the sample		
Post-graduate Degree	1	0.3
Bachelor Degree	53	13.8
Diploma	108	28.1
College / University Certificate	113	29.4
COSE/LGCSE High School Certificate	101	26.3
Primary Certificate	8	2.1
Total	384	100
Work experience distribution in the sample		
Less than 1 year	1	0.0

	Count	Percentage %
1-2 years	12	3.0
3-4 years	98	26.0
5-6 years	90	23.0
7-8 years	67	18.0
9-10 years	35	9.0
Above 10 years	81	21.0
Total	384	100.0
Type of the enterprise distribution in the sample		
Medium (21-50 employees)	72	19.0
Small (6-20 employees)	312	81.0
Total	384	100.0
Age of the enterprise distribution in the sample		
1 year	1	0.0
2 years	24	6.0
3 years	70	18.0
4 years	79	21.0
5 years	86	23.0
More than 5 years	124	32.0
Total	384	100.0
Enterprise's sector classification in the sample		
Service	77	20.1
Retail	147	38.3
Manufacturing	72	18.8
Hospitality, tourism and leisure	34	8.9
Construction	54	14.1
Total	384	100.0
Location of the enterprise distribution in the sample		
Maseru Rural	49	12.8
Maseru Town	98	25.5
Mafeteng Rural	31	8.1
Mafeteng Town	28	7.3
Leribe Rural	22	5.7

	Count	Percentage %
Leribe Town	76	19.8
Butha-Buthe Rural	14	3.6
Butha-Buthe Town	66	17.2
Total	384	100.0

Source: Researcher's own compilation, 2020

5.2.1 Gender distribution in the sample

Table 5.1 indicates that of the 384 SME entrepreneurs and managers that participated in the study, 68.8% (264 respondents) were male and 31% (120 respondents) were female. From this result, the sample is described as a male-dominated sub-sector by 54.5%, and this generally characterised the sub-sector's profile with regard to the gender representation of owners or managers in the SME sector. This report is consistent with the finding of Turton and Herrington (2012) that indicated that 61% of men compared to 39% of women participate in activities that relate to entrepreneurship in South Africa. Studies conducted in Ethiopia by Tirfe (2015), and in Mozambique by Osano and Languitane (2016) also confirm a similar report of a smaller segment of female participation in entrepreneurial activities. The common reference is that the three economies fall under developing countries and are in sub-Saharan Africa.

Roomi *et al.* (2009) and Mulu (2008) attributed the low participation of women in enterprises to cultural influences and the social responsibilities they are involved in families instead of engaging in business activities. It suggests the likely reasons of lower participation and slower growth rate than their male counterparts. This finding also concurs with Tirfe's (2015) findings that women face specific challenges in participating in enterprises, which include among others, the burden of family commitments and as such, affects their low human capital capacity and capability in operating enterprises competitively when compared with their male counterparts. It is assumed that a high number of females are uneducated and have low entrepreneurial skills which may influence their unequal access to the financial markets.

Tirfe (2015) argues that most women in small enterprises lack adequate vocational training and relevant expertise to operate in a competitive and highly tense business environment; as a result, many resort to slow-growing areas (usually residential-based shops, and retail activities). Most women start their enterprises with inadequate start-

up funds due to their inability to access bank credit. This suggests that many banks are reluctant to grant adequate credit loans to women for fear that they will apply the revenue (income) of their enterprises for household activities (food and other household miscellaneous items) instead of reinvesting in the enterprise, as result, most of their small enterprises remain stagnant and often fail (Turton & Herrington, 2012).

The next sub-section presents the distribution of the sample in terms of the respondents' nationality.

5.2.2 Nationality distribution in the sample

The nationality distribution, as presented in Table 5.1, shows that 357 of the respondents, which is 93% of the sample respondents, were Basotho- (Mosotho is singular) owned and operated SMEs, and only 27 of the respondents, 7%, were other African nationals. The survey observation indicated that respondents were skewed to the Basotho SMEs, as intended in the focus of this study. Despite the skewness, market-driven strategic issues and access to finance seem to remain the major issues to the different types of enterprises in the survey.

5.2.3 Age of the entrepreneur/manager distribution in the sample

As indicated in Table 5.1, in terms of the age of the respondents (entrepreneurs and managers), and as could be expected from a sample of working adults, the age distribution fell into six categories.

Of the total (n = 384) SMEs in the sample, 22 (6%) of the respondents were aged below 30 years; 52 (13%) were aged 30 – 34 years; 68 (18%) were aged 35 – 39 years; 87 (23%) were aged 40 – 44 years; 90 (23%) were aged 45 – 49 years, and 65 (17%) of the total sample were aged 50 years and above.

5.2.4 Occupation position distribution in the sample

The results in Table 5.1 illustrate the distribution of entrepreneurs' and managers' occupations in the total sample (n = 384). In the sample, 112 (29%) respondents were managers, while 272 (71%) respondents indicated that they were entrepreneurs (owners).

The result indicates that entrepreneurs are the major operators of SMEs, as against employee managers by 160 (42%) on aggregate. This result aligns with the discussion in Section 4.7.

5.2.5 Education level distribution in the sample

The educational qualification distribution of the sample indicates that the respondents' qualifications range from primary school certificates to post-graduate certificate. The distribution did not include respondents with less than primary school certificates, as for more than two decades Lesotho has had free primary education.

From the sample, 53 (13.8%) of the respondents have a university degree, 1 (0.3%) has a post-graduate degree, while most of the respondents, 221 (57.5%) indicated that they have a diploma and/or college/university certificates. The data indicates 101 (26.3%) respondents had a high school certificate, while 8 (2.1%) of the respondents had a primary school certificate.

This shows a high level of literacy among the respondents, which could be due to the high rate of unemployment in Lesotho (average 32.24%) which may have compelled many high school leavers and graduates to turn to small enterprise ownership as an alternative against unemployment.

5.2.6 Work experience distribution in the sample

The work experience distribution of the sample respondents is represented in number of years in the enterprise. The number of years ranged from 'less than a year' to 'above 10 years' of work experience in the SMEs.

Of the 384 respondents, only 1 (0.3%) respondent indicated 'less than a year's experience'; 12 (3.1%) respondents indicated between 1 – 2 years; 98 (25.5%) respondents had 3 – 4 years' experience; 90 (23.4%) respondents had 5 – 6 years' experience; 67 (17.4%) respondents had 7 – 8 years' experience; 35 (9.1%) respondents had 9 – 10 years' experience; while 81 (21.1%) respondents indicated that they had 'above 10 years' experience

Although the results show a significant level of experience amongst the SME respondents, findings from the World Bank (2012) showed that, despite a significant level of experience among entrepreneurs and managers, SMEs without market-driven resources make a modest contribution to Lesotho's GDP, and as a result they show

slow competitive growth and development. These results corroborate with Tshabangu's (2016) findings which state that relative substantial work experience may have a less positive influence on entrepreneurial activities if the enterprise lacks market-oriented resources. The researcher is of the opinion that work experience may be significant and influences operation when it is in corroboration with market-driven strategies and access needed credit to drive the enterprise's growth.

Pertinent information on the characteristics of the SMEs, such as the type of enterprise, age of the enterprise, enterprise sector classification and the location of the enterprise are detailed in the next sub-sections.

5.2.7 Distribution of type of the enterprises in the sample

The size of enterprises (SMEs) participating in this study is defined in terms of the number of employees in the SME, according to the terms used by the Lesotho government (GoL, 2016).

The category 'small enterprises' with 6 to 20 employees indicated 312 (81.3%) of the respondents under the category, while 72 (19%) respondents fell under the medium enterprises category with 21 to 50 employees.

5.2.8 Age of the enterprise distribution in the sample

The ages of the SMEs (the number of years in existence) were relatively spread from 1 year to more than 5 years in existence.

The years of existence (age) of SMEs as presented in Table 5.1 above shows that of the respondents, 124 (32.3%) showed that their enterprises had been in existence for more than 5 years, 86 (22.4%) of the enterprises had been in existence for 5 years, 79 (20.6%) had been in existence for 4 years, and 70 (18.2%) for 3 years.

These years are significant in terms of years of existence of SMEs in the four districts that were sampled. Although there were SMEs that fell within the categories of one and two years, the numbers were relatively insignificant. The distribution could be attributed to the fact that many Basotho SME owners managed to stay in business, even when they lacked the capacity to reach their potential enterprise growth (Amadasun, 2013).

5.2.9 Enterprise's sector classification in the sample

Table 5.1 above presents a summary of the enterprise's economic sector distribution in the total sample (n =384). The majority of SME respondents, 147 (38.3%) were in retail; followed by services with 77 (20.1%); manufacturing 72 (18.8%); construction 54 (14.1%); and hospitality, tourism, and leisure with 34 (8.9%).

The sample distribution indicates that trading businesses (retail) dominate the enterprises' categories.

5.2.10 Location of the enterprise distribution in the sample

The results in Table 5.1 specify the location distribution in the sample. The table indicates various locations (rural and urban) in the four districts where respondents operate their enterprises. The purpose was to ascertain the distribution of SMEs and to try to establish the reasons for their density in various locations in the districts.

The results obtained from the respondents in the sample (n = 384) illustrate significant differences with regards to the survey locations between the rural and urban cites. 'Maseru Town' category obtained a frequency of 98 (25.5%), while the 'Maseru Rural' frequency was 49 (12.8%). The frequency of 'Leribe Town' category was 76 (19.8%), whereas 'Leribe Rural' category obtained 22 (5.7%). The category 'Butha-Buthe Town' obtained a frequency of 66 (17.2%), while the frequency for 'Butha-Buthe Rural' was 14 (3.6%). A slight difference was observed between the respondents' category 'Mafeteng Town' with a frequency of 28 (7.3%), while the frequency for 'Mafeteng Rural' was 31 (8.1%).

The observation in the distribution between the town and rural concentrations of SMEs from the respondents' sample indicates a relatively wide margin. The SMEs located closer to the urban centres may have access to specific enabling resources that might serve as a pull or push factor to their advantage when compared to SMEs in the rural locations. The result suggests that, these pull and push factors are probably in the form of enabling marketing resources, credit finance, access to market, and other resources, which may enhance their growth and survival advantage over those in the rural areas.

To summarise, from Table 5.1 it is evident that in line with Yamane's formula for sample size calculations (Yamane, 1967) and that of Easterby-Smith *et al.* (1999), this

study sample size, in general terms, could be considered reasonable and representative of the target population of SMEs in Lesotho.

The next section presents the descriptive statistics used in this study. Descriptive statistics are statistical techniques used to describe and summarise the sets of numerical data in such a manner that they become meaningfully understood and communicated (Malhotra, 2010).

5.3 DESCRIPTIVE STATISTICS: MARKET-DRIVEN STRATEGIES

Descriptive statistics were used as statistical techniques to describe and summarise all the sets of numerical data of market-driven strategies and access to finance in a proportion that they become meaningful and understood in a typical Lesotho setting. The aim was to assess the core constructs (market orientation, entrepreneurial marketing, competitive intensity and technological dynamics) measured by market-driven strategies of SMEs to attain competitive growth in Lesotho. In this study, the four constructs, market orientation (MO), entrepreneurial marketing (EM), competitive intensity (COMPINT) and technological dynamics (TECHDYN) formed the total predictors used to measure what it is that determines SMEs market-driven strategies. In this case the researcher is of the opinion that the higher the proportion of each of the constructs (market orientation, entrepreneurial marketing, competitive intensity and technological dynamics), the more the SME's chances of experiencing competitive growth.

As discussed in Section 4.8, each item was assessed by means of a 7-point Likert scale. To make the data more presentable, all the ratings of strongly disagree, disagree and somewhat disagree (1, 2 and 3) were combined to form a new rating of 'disagree' and the rating of somewhat agree, agree and strongly agree (5, 6 and 7) were combined to form a new rating of 'agree' (Mohapi, 2013). This was done because the researcher was interested to bifurcate the response and to know whether the respondents disagree, undecided and agree on how each issue affects market orientation, entrepreneurial marketing, competitive intensity and technological dynamics which could influence the competitive growth of SMEs. This means that an item analysis of three ratings, namely: disagree, undecided and agree will be displayed in Tables 5.2 to 5.10 in the sub-sections below.

5.3.1 Descriptive statistics of market orientation

In this study, market orientation is defined as the marketing perspective of the enterprise and how effective an SME is at actualising its marketing concept, such that:

- The enterprise takes a proactive opportunity to satisfy the target customers' desires in the competitive market;
- There is prompt value delivery to the target market, better than competitors;
- The dynamic operational capability of the SMEs entrepreneurs or managers serves the target customers better than competing enterprises; and
- There are responsive market strategies in place that have a better focus on the target customers than the activities of competitors' in the dynamic market.

This study argues that the higher the level of market orientation (level of agreement from respondents), the more significant the influence on the competitive growth of SMEs. The same opinion is adopted for the entrepreneurial marketing, competitive intensity and technological dynamics constructs.

Table 5.2 presents the frequency distribution of respondents' responses towards the various items related to market orientation.

In Table 5.2, the analysis proceeds from the statement: "*Our review indicates the likely effect of change in the competitive business environment (e.g. customer taste, fashion, and preferences) on the customer*". There are 15 items relating to market orientation.

Table 5.2: Descriptive statistics of market orientation

Market orientation Our review indicates the likely effect of change in the competitive business environment (e.g. in customer taste, fashion, and preferences) on the customer, hence.....	Level of agreement					Sample size
	Disagree	Undecided	Agree	Mean	Standard deviation	
1. The entrepreneur or manager's niche is to focus on customers' preferences.	3.12% (12)	2.6% (10)	94.3% (362)	2.80	0.419	384
2. This offers the entrepreneur or manager a chance to try and create value for customers.	2.3% (9)	8.3 (33)	88.6% (340)	2.69	0.420	384
3. The entrepreneur or manager's opportunity to make use of information that focuses on customer needs.	9.6 (37)	10.4% (40)	79.9% (307)	2.49	0.539	384
4. The chance to be active most of the time when I use a strategy based on competitive advantage to understand my customers' needs.	38.8% (149)	27.3% (105)	33.8% (130)	1.92	0.642	384
5. The chance to be responsible for customers planning means to study the underlying trends or patterns in customer dispositions.	41.9% (161)	36.2% (139)	21.9% (84)	1.83	0.570	384
6. The way I see my major strength in the enterprise is my effective and efficient customer analysis.	58.1% (223)	25% (96)	17% (65)	1.68	0.610	384
7. The chance to be of service is when the enterprise responds to negative customer satisfaction information.	8% (31)	3.4% (13)	88.5% (340)	2.73	0.602	384
8. The chance to promote customer retention is to be kind to my customers through the offer of quality products and after-sales service.	3.4% (13)	2.3% (9)	94.3% (362)	2.88	0.470	384

Market orientation Our review indicates the likely effect of change in the competitive business environment (e.g. in customer taste, fashion, and preferences) on the customer, hence.....	Level of agreement					Sample size
	Disagree	Undecided	Agree	Mean	Standard deviation	
9. The way we see an objective condition in the enterprise is when we pursue a business strategy aimed at creating unique value for the customer.	14.8% (57)	20.6% (79)	64.6% (248)	2.36	0.618	384
10. The chance to work as a team to involve salespersons in sharing competitor information.	25.5% (98)	25% (96)	49.5% (190)	2.07	0.688	384
11. To serve customers dynamically we take advantage of targeted opportunities against our competitors' weaknesses.	60.4% (232)	26.8% (103)	12.8% (49)	1.60	0.577	384
12. To maintain customers' loyalty when a major competitor launches a campaign targeted at our customers, we will take a counter response.	68.5% (263)	23.4% (90)	8.07% (31)	1.51	0.546	384
13. We are always on the lookout for possible launches targeted at our customers by our competitors.	63.5% (244)	27.9% (107)	8.6% (33)	1.53	0.574	384
14. We develop competitive strategies to counter competitors' actions aimed at our target customers.	57.3% (220)	29.7% (114)	13% (50)	1.65	0.566	384
15. To maintain our customers' patronage, we target opportunities for competitive advantage.	22.9% (88)	34.1% (131)	43% (165)	2.08	0.543	384

Source: Researcher's own compilation, 2020

The summary of responses in the list shows that the first three items had high scores and agreement (94.3%, 88.6 % and 79.9%) to the statements. These responses are likely due to the effect of change in the competitive business environment, in the following ways: (i) it is an opportunity for the entrepreneur or manager to focus on customers' preferences; (ii) it provides the entrepreneur or manager with the opportunity to try and create value for customers; and (iii) it is the entrepreneur or manager's opportunity to make use of information that focuses on customer needs. The respective means are high (2.80, 2.69 and 2.49), indicating a high level of agreement, and the standard deviations for these items are low (0.419, 0.420 and 0.539) and indicate that data fit properly and with a low variation.

The three items which state, "the chance to be active most of the time when I use a strategy based on competitive advantage to understand my customers' needs"; "The chance to be responsible for customers planning means to study the underlying trends or patterns in customer dispositions"; and "The way I see my major strength in the enterprise is my effective and efficient customer analysis". All three items showed relative scores of disagreements (38.8%, 41.9% and 58.1%). The means and standard deviations are 1.92, 1.83 and 1.68, and 0.642, 0.570 and 0.610, respectively, indicating a relatively high level of disagreement and the data fit well.

These responses are contradict Hussain *et al.*'s (2015) and Longenecker *et al.*'s (2014) proposition.

The next items indicate that "the chance to be of service is when the enterprise responds to negative customer satisfaction information; the chance to promote customer retention is to be kind to my customers through the offer of quality products and after-sales service; and the way we see an objective condition in the enterprise is when we pursue a business strategy aimed at creating unique value for the customer". All the statements have an agreement level of 88.5%, 94.5% and 64.6%, means of 2.73, 2.88 and 2.36, indicating a high level of agreement, and standard deviations of 0.602, 0.470 and 0.618, indicating that the data fit well.

The item stating that "the chance to work as a term is to involve salespersons in sharing competitor information" had a respondents' agreement of 49.5%, and a mean and standard deviation of 2.07 and 0.688, respectively.

The items that state “to serve customers dynamically we take advantage of targeted opportunities against our competitors’ weaknesses; and to maintain customers’ loyalty when a major competitor launches a campaign targeted at our customers, we will take a counter response”, both have a disagreement level of 60.4% and 68.5, with a mean of 1.60 and 1.51, and a standard deviation of 0.577 and 0.546.

The next relative high items were those indicating that: “We are always on the lookout for possible launches targeted at our customers by our competitors”, and “We develop competitive strategies to counter competitors’ actions aimed at our target customers”. They had a disagreement level of 63.5% and 57.3%, a means of 1.53 and 1.65, and standard deviations of 0.574 and 0.566, respectively.

The item “To maintain our customers’ patronage, we target opportunities for competitive advantage”, had an agreement level of 43%, and a mean of 2.08, indicating a level of agreement and standard deviation of 0.543.

5.3.2 Descriptive statistics of entrepreneurial marketing

Table 5.3 presents the frequency distribution of the respondents’ responses to the items related to entrepreneurial marketing.

Entrepreneurial marketing (EM) measures the synergy of entrepreneurial and marketing effectiveness as the degree of the entrepreneur or manager’s capability to be the customers’ objective focus, to be proactive to customers’ tastes, and to always be in search of attractive marketing prospects through value-creating innovations to satisfy customers’ needs.

The four items indicate the entrepreneur or manager’s expected dynamic market behaviour. The respondents were requested to complete a 7-point Likert scale comprising of four items relating to entrepreneurial marketing.

The summary of responses from respondents is given in Table 5.3 below which presents the four items used to assess this factor.

Table 5.3: Descriptive statistics of entrepreneurial marketing

Entrepreneurial marketing Our review indicates the likely effect of change in the product market (e.g. in customer taste, fashion, and preference) on customers, hence.....	Level of agreement					Sample size
	Disagree	Undecided	Agree	Mean	Standard deviation	
1. The chance to do an objective job is by setting customer satisfaction objectives as a focal priority.	7.5% (29)	20% (77)	72.4% (278)	2.44	0.485	384
2. The opportunity to satisfy the target market by regularly analysing and tracking the needs of customers.	30.2% (116)	23.2% (89)	46.6% (179)	2.06	0.559	384
3. To see objective results I must have the ability to measure customer satisfaction.	35.9% (138)	25.8% (99)	38.3% (147)	1.99	0.578	384
4. The way I notice that I am doing a good job is when I regularly measure customers' satisfaction.	41.1% (158)	22.6% (87)	36.2% (139)	1.93	0.575	384

Source: Researcher's own compilation, 2020

The analysis in Table 5.3 proceeds from the statement that “*Our review indicates the likely effect of change in the product market (e.g. in customer taste, fashion, and preferences) on customers*”. Hence, “The chance to do an objective job is by setting customer satisfaction objectives as a focal priority” had a 72.4% agreement level, a mean of 2.44 and standard deviation of 0.485.

The items stating the following: “the opportunity to satisfy the target market by regularly analysing and tracking the needs of customers”, and “to see objective results I must have the ability to measure customer satisfaction”. Both items showed agreements (46.6% and 38.3%). The means and standard deviations are 2.06 and 1.99, and 0.559 and 0.578, respectively, and the data fit well.

These responses of agreement are consistent with Gilmore and Pine (2011) and Kwak *et al.*'s (2013) proposition that entrepreneurial marketing implies the entrepreneur or manager's capability in exploring marketing tactics, techniques and strategies to track

customers' needs on a regular basis and in such a way to influence target market satisfaction.

The items stating the following, "the way I notice that I am doing a good job is when I regularly measure customers' satisfaction" had respondent disagreements of 41.1%. The mean and standard deviation are 1.93 and 0.575, indicating a level of disagreement, and the data fit well.

These responses of disagreement are inconsistent with Garcia-Ramirez *et al.*'s (2014) propositions that one of the ways the entrepreneur or manager's knows he/she doing a good job is when he/she possesses the capability to regularly measure customer satisfaction.

5.3.3 Descriptive statistics of competitive intensity

Table 5.4 below presents the frequency distribution of the respondents' responses to the items related to competitive intensity.

The competitive intensity strategy measures the SME entrepreneurs' or managers' ability to cope with the increased competition in the market to such a degree that the enterprises are able to withstand the contest of the market competition and are able to moderate their influence in the market to their advantage. Its significance is its influence on SMEs' capacities to withstand the market dynamism, and the enterprises' entrepreneurs or managers' ability to continuously cope with changes in customers' preferences.

In this section, a high level of competitive intensity indicates the SME's inability to withstand the contest and dynamism in the market.

Table 5.4 below presents the four items used to assess this factor.

Table 5.4: Descriptive statistics of competitive intensity

Competitive intensity	Level of agreement					Sample size
	Disagree	Undecided	Agree	Mean	Standard deviation	
1. Competition is highly intense in our business sector.	2.1% (8)	4.7% (18)	93.2% (358)	2.93	0.459	384
2. Our enterprise finds it very hard to sustain its market share because of the competitive intensity.	3.1% (12)	4.9% (19)	91.9% (353)	2.90	0.479	384
3. There are frequent competitive moves by enterprises that offer products similar to ours.	1% (4)	5.7% (22)	93.2% (358)	2.94	0.437	384
4. Our enterprise finds it hard to regularly analyse the strengths and weaknesses of other enterprises that offer products similar to ours.	1.8% (7)	5.7% (22)	92.4% (355)	2.89	0.459	384

Source: Researcher's own compilation, 2020

In Table 5.4, the analysis of responses indicates that there is a 93.2% agreement with the statement that competition is highly intense in their business sector. The mean of this item is 2.93, indicating a high level of agreement, and the standard deviation is 0.459, indicating that data fit properly.

The item stating “our enterprise finds it very hard to sustain its market share because of the competitive intensity we face” has an agreement level of 91.9%, a mean of 2.90, and standard deviation of 0.479.

The next item stating “there are frequent competitive moves by enterprises that offer products similar to ours” and “our enterprise finds it hard to regularly analyse the strengths and weaknesses of other enterprises that offer products similar to ours” have agreement levels of 93.2% and 92.4%. Their means are 2.94 and 2.89, indicating high levels of agreement, and standard deviations of 0.437 and 0.459, respectively.

5.3.4 Descriptive statistics of technological dynamics

Table 5.5 presents the frequency distribution of the respondents' responses to the items related to technological dynamics.

The significance of technological dynamics in the study is its capability to drive the SME's creativity to such a degree that it is enough to develop not only radically new products, but also unique processes and technologies. Three items were used to measure this construct.

A high level of technological dynamics indicates the inability of SMEs to cope with the technological innovations needed in the product and service markets for competition.

Table 5.5: Descriptive statistics of technological dynamics

Technological dynamics	Level of agreement					Sample size
	Disagree	Undecided	Agree	Mean	Standard deviation	
1. There are high and latest technological innovations in the product market that my enterprise cannot compete with.	2.3% (9)	2.6% (10)	95% (365)	2.99	0.460	384
2. There are opportunities created by technology, such as product design, production methods, process and product delivery we are yet to take advantage of.	4.2% (16)	4.9% (19)	93.2% (358)	2.95	0.528	384
3. Actuality and novelty of technology are manifestations of a new product and service in the market that my enterprise cannot meet.	2.4% (8)	4.7% (18)	92.9% (358)	3.01	0.459	384

Source: Researcher's own compilation, 2020

The responses, as shown in Table 5.5, indicate that the majority of the respondents agreed with the items that relate to the issues of technological dynamics. The following item has the highest level of agreement: "there are high and latest technological innovations in the product market that my enterprise cannot compete with" (95%, mean of 2.99, and standard deviation of 0.460).

This is followed by the item that, "there are opportunities created by technology, such as product design, production methods, process and product delivery we are yet to take advantage of" (93.2%, mean of 2.95 and standard deviation of 0.528).

The next item stating “the actuality and novelty of technology are manifestations of a new product and service in the market that my enterprise cannot meet” (92.9%, mean of 3.01, and standard deviation of 0.459). For details on the four constructs, see Appendix C (survey questionnaire)

The results above indicate that the four predictor factors probably play a significant role in the market-driven strategic concept that drives SME growth. This study suggests that using mean and standard deviation alone, as indicators, does not indicate the extent to which the four independent variables determine market-driven strategies for SMEs to attain competitive growth. For robust findings, correlation, regression and structural equation modelling analyses are further discussed in later sections.

Following the discussions in Chapter 3 of this study, it is resolved that while SMEs strive to be market-driven strategic and to attain competitive growth, they face a number of challenges with respect to access to finance, and some of these factors are discussed in the next section.

5.4 DESCRIPTIVE STATISTICS: ACCESS TO FINANCE

The aim of these descriptive statistics section was to show the proportion of the factors (financial information access, structure of bank, bank and business support services and collateral requirement) on the SMEs’ access to finance in order to attain competitive growth. These four constructs formed the total scale used to assess SMEs’ access to finance. In each construct, there were a number of items which addressed it. Each item was also assessed by means of a 7-point Likert-scale. According to Mohapi (2013), to make the data more presentable, the rating followed the same item analysis of the three ratings as indicated in Section 5.3.1 above (disagree, undecided and agree) and the descriptive analyses are displayed in Tables 5.6 to 5.9 below.

5.4.1 Descriptive statistics of financial information access

The Financial information access (FIA) construct was used to measure the following items: SMEs inadequate awareness of funding and programmes available at the banks, enterprise not aware of bank financing agencies, and the enterprise’s lack of understanding of the obstacles and difficulties in accessing bank credit.

A high level of agreement to financial information access (level of inadequate awareness from respondents) indicates high challenges with regards to access to finance (and *vice versa*). Table 5.6 below presents the three items used to measure this factor.

Table 5.6: Descriptive statistics of financial information access

Awareness	Level of awareness					Sample size
	Disagree	Undecided	Agree	Mean	Standard deviation	
1. There is inadequate awareness of information on funding opportunities and programmes related to firms of my type in the banking sector.	1.6% (6)	3.6% (14)	94.8% (364)	2.95	0.431	384
2. Our enterprise is not aware of agencies' provisions to SMEs to leverage access to bank financing.	2.9% (11)	4.4% (17)	92.7% (187)	2.87	0.480	384
3. Our enterprise lacks the understanding of the obstacles and difficulties in accessing bank credit.	3.6% (14)	4.2% (16)	92.2% (197)	2.79	0.428	384

Source: Researcher's own compilation, 2020

As seen in Table 5.6, the observations from the analysis indicate that to a large extent, SMEs do not have adequate knowledge and understanding of funding opportunities and programmes that relate to their business in terms of access to finance (94.8%). The mean (2.95) indicates a relatively high level agreement to inadequate awareness of funding opportunities, and the standard deviation (0.431) indicates data fit properly and with low variation.

This was followed by the statement regarding inadequate awareness of agencies providing bank financing for their type of businesses (92.7%). The mean and standard deviation are 2.87 and 0.480. The item stating that "our enterprise lacks the understanding of the obstacles and difficulties in accessing bank credit" has an agreement response of 92.2%, mean level of 2.79, and standard deviation of 0.428.

These results may reveal the existence of information asymmetry, where banks have inadequate information about the SMEs. In the literature, information asymmetries particularly concern two parties in the financial market (Mazanai & Fatoki, 2012; Stiglitz & Weiss, 1981). In this instance, credit borrowers know more about their enterprises' issues than the banks who have limited information about SMEs, and this suggests that, such a gap exacerbates the fact that the necessary information is not available and known to all parties in the financial market (Osano & Languitane, 2016).

These results (Table 5.6) are consistent with the findings of Othieno (2010) that most SMEs lack the required and adequate information to enable them access the needed credit in the financial market.

Although the largest sources of finance for SMEs around the world remain the commercial banks, the failure of the market associated with the imperfection of information affects most SMEs' access to adequate information to bridge the gap, hence, it results in acuteness of information asymmetries (Machmud & Huda, 2011). The unanimous agreement from respondents is a proof that most banks are not adequately involved in awareness programmes aimed at SMEs, and this is probably because they want to control the access demands for credit from SMEs, which they consider to be very risky borrowers.

From the result, SMEs that face the effect of constraints due to inadequate access to financial information are fundamentally unable to evaluate the potential financial risks related to the various options of bank products and services, and are likely to face the inability to access the information necessary to enhance their awareness of funding opportunities (Osano & Languitane, 2016).

The result also suggests that the constraints SMEs experience because of limited access to financial information may be exacerbated by their inability to evaluate timely and accurate financial information, as perceived by the lender with regards to their ability to repay loans, this constrains their access to financial credit from the banks. Mazanai and Fatoki (2012) add that constraints due to access to financial information affect the SMEs' capacity to assess information asymmetry, which biases the lender's perception regarding the borrower's capability to repay the loan, as a result, most SMEs are faced with lenders' credit rationing.

Consistent with this view related to financial information access, banks may consider investing in information that is specifically targeted at SMEs, both in rural and urban locations in the country.

The next section presents a discussion of the issues that relate to bank and business support services which constrain SMEs' access to finance.

5.4.2 Descriptive statistics of bank and business support services

The 'bank and business support services' component measured items which relate to adequate policy initiatives, support programmes and financial schemes geared to support the SMEs' access to finance.

Three items were used to measure this construct. Table 5.7 below presents the respondents' responses.

Table 5.7: Descriptive statistics of bank and business support services

Support services	Level of agreement					Sample size
	Disagree	Undecided	Agree	Mean	Standard deviation	
1. There are inadequate policy initiatives and business services that support the SME sector in my district.	0.8% (3)	5.5% (21)	93.7% (360)	2.97	0.422	384
2. There are inadequate support programmes and initiatives in my district designed to assist enterprises to access funding.	1.8% (7)	5.2% (20)	93% (357)	2.90	0.439	384
3. There are inadequate financial schemes and funding programmes that support SMEs to access finance in my district.	2.1% (8)	2.6% (10)	95.3% (366)	2.94	0.414	384

Source: Researcher's own compilation, 2020

The analysis of the responses in Table 5.7 indicates that 93.7% of the respondents in the sample agreed that there are inadequate policy initiatives and support services in their district to promote SMEs' access to bank credit, with a mean of 2.97, and a standard deviation 0.422.

This is followed by the majority of the respondents (93%) agreeing that there are inadequate support programmes and initiatives in their districts designed to assist SMEs to access credit. The mean for this item is 2.90, and the standard deviation is 0.439. The high mean level shows a high level of agreement, and the standard deviation indicates the data fit properly.

From the results, 95.3% of the respondents agreed that there are inadequate financial schemes and funding programmes that support SMEs regarding access to finance in their districts. This item has a mean of 2.94, and standard deviation of 0.414.

The results in this analysis show that SMEs see the government as not being supportive enough in focusing on enabling resources that allow SME businesses to leverage the barriers to access the needed credit. The high level of Bbss agreement from respondents to the items indicated the high challenges of access to finance being faced by their enterprises.

According to entrepreneurship literature, many governments in developing and developed economies have a variety of financial funding schemes and programmes that support SMEs' access to bank credit finance. In this context, although the Lesotho government has started a number of initiatives through various institutions, such as BEDCO, Central Bank of Lesotho, and the Ministry of Small Business Development, Cooperatives and Marketing, the results of this analysis suggest that they (namely, the existing initiatives by various agencies) are yet to have a significant influence to leverage Basotho SMEs' access to financial credit.

This finding is in consonant with IPEME's (2013) findings in Mozambique, which indicate that though national agencies, both private and public, do provide various support services to enable enterprises access to finance, such support initiatives are yet to leverage SMEs access to adequate bank sponsored financing.

The next section presents an analysis of the structure of the bank.

5.4.3 Descriptive statistics based on structure of bank

The 'structure of bank' construct in this study was used to measure the degree of regulatory regime, and the low competition in the banking sector that affects the costs of services and financial products available to SMEs. In this analysis, the respondents were requested to complete a 7-point Likert scale with four items to indicate the extent

to which regulatory issues in the three main commercial banks (First National Bank, Nedbank and Standard Lesotho Bank) affect their enterprise's access to finance in Lesotho.

The high level of SoB (level of agreement from respondents) indicates the high constraints related to access to finance.

Table 5.8: Descriptive statistics based on structure of bank

Structure of bank	Level of agreement					Sample size
	Disagree	Undecided	Agree	Mean	Standard deviation	
1. Low competition in the banking sector determines the price of financial products and level of access to finance.	2.3% (9)	1.6% (6)	96.1% (369)	2.95	0.399	384
2. Direct competition exists in the banking sector that determines the prices of services to loan customers.	1% (4)	1.8% (7)	97.1% (373)	3.01	0.352	384
3. The banking system regulatory structure has greater constraints that hardly favour SMEs' access to finance.	0.8% (3)	1.8% (7)	97.4% (374)	3.10	0.375	384
4. Our enterprise lacks equity financing because of our legal status (ownership pattern)	2.3% (9)	1% (4)	96.6% (371)	2.80	0.355	384
5. The enterprise hardly accessed venture finance to start the business operation on the ground of the ownership pattern.	41% (9)	0% (0)	97.6% (375)	2.75	0.333	384

Source: Researcher's own compilation, 2020

The summary of the analysis contained in Table 5.8 suggests that 96.1% of the respondents agree that the low competition amongst banks determines the price of financial products and access to credit finance. The mean (2.95) and standard deviation (0.399) suggest that there is a high level of agreement, and the data that measured this item fit properly and with low variation.

This was followed by high respondents' agreement to items such as "direct competition exists in the banking sector that determines the prices of services to loan customers",

and “the banking system regulatory structure has greater constraints that hardly favour SMEs’ access to finance”. Their means and standard deviations are 3.01 and 3.10, and 0.352 and 0.375, respectively.

The items about the enterprise’s lack of equity financing due to their legal status, and their inability to access adequate venture finance to start the business operation on the ground of their ownership pattern had respondents’ agreement of 96.6% and 97.6%, respectively. Their means and standard deviations are 2.80 and 2.75, and 0.355 and 0.333, respectively, and the data fit well.

All the items of this result agree with the findings of Osano and Languitane (2016) and Mazanai and Fatoki (2012) that competition in the financial sector and direct competition in the banking sector determine the prices of financial products and services to loan customers and level of access to finance. The items related to the enterprise’s lack of equity financing because of their legal status (ownership pattern), the regulatory regime and low competition in the banking sector that affect the costs of services and products offered by banks to clients also indicated a high level of agreement from respondents. These results are in congruence with the findings by Anzoategui and Rocha (2010) that when there is low competition in the financial market, it undermines the overall stability in the financial market, as financial access becomes expensive, and as such, leads to less growth in SMEs.

To summarise, competition in the banking sector could determine the price of financial products and level of access to finance, and as a result, banking sector competitiveness would tend to rely more on the actual market structures that leverage the SMEs’ access to the needed funds. Stiglitz and Weiss (1981) and Harvie (2011) add that competition in the banking sector creates an avenue for existing banks desiring to provide loans to SMEs, and also to use harmonised requirements from clients.

The next section presents an analysis of the issue of collateral requirements related to access to finance.

5.4.4 Descriptive statistics due to collateral requirements

The respondents were requested to indicate the extent to which they were denied bank loans based on collateral requirements. In this analysis, the collateral

requirement measured three items rated on the rating 'disagree', 'undecided' and 'agree' as previously indicated.

Table 5.9 presents the respondents responses on the issues of collateral requirements and their effect on the SMEs' access to finance. High levels of collateral requirement (level of agreement from respondents) indicate high challenges to access finance.

Table 5.9: Descriptive statistics due to collateral requirement

Collateral requirement	Level of agreement					Sample size
	Disagree	Undecided	Agree	Mean	Standard deviation	
1. Financial capability of the entrepreneur is a major collateral requirement before a loan is considered by the bank.	1.8% (7)	1.6% (6)	96.6% (371)	3.01	0.439	384
2. Collateral requirements needed by bank are a major security in application for credit.	6% (23)	5.2% (20)	88.8% (341)	2.86	0.552	384
3. Collateral requirements is a principal hindrance to enterprises accessing credit	4.2% (16)	4.2% (16)	91.7% (352)	2.80	0.477	384
4. Credit rationing is a major constraint to applicants who have ever accessed credit and defaulted in any of the initial terms and conditions.	1.6% (6)	2.1% (8)	93.4% (370)	3.00	0.416	384

Source: Researcher's own compilation, 2020

Table 5.9 shows that only 1.8% of the sample respondents indicated that financial and management experience is not a major challenge to access funds from banks. Most of the respondents (96.6%) agreed that the financial and management experience of entrepreneur(s) or manager(s) are major factors most of the banks consider before considering loan applications. The mean and standard deviation are 3.01 and 0.439, respectively.

This is followed by 88.8% of respondents who further indicated that apart from collateral deposits being a principal constraint, banks strictly insisted on collateral deposits before accepting applications from borrowers. The mean and standard

deviation of this item are 2.86 and 0.552. Table 5.9 further indicated that only 4.2% of the sample respondents showed that collateral requirement is not a principal hindrance to credit access from banks. The majority of the respondents (91.7%) agreed that collateral requirement is a major obstacle to access bank loans for their enterprises. This item has a mean and standard deviation of 2.80 and 0.477, respectively. The mean indicates a high level of agreement, and the standard deviation value shows that the data fits well with a low variation.

From the results, 93.4% of the respondents agreed that apart from security assets in the form of properties (cars, businesses, houses, and any tangible good the creditor can recoup for the principal), applicants who have ever accessed credit and defaulted in any of the initial terms and conditions in the past, face credit rationing challenges by banks, and this is a major constraint to accessing credit funds. The mean and standard deviation are 3.00 and 0.416, indicating that there is a high level of agreement, and the data fit properly.

The results of this study are in congruence with Kihimbo *et al.*'s (2012) results, which indicated that banks discriminate against most SMEs, and as a result, they are denied access to adequate credit finance because they are not able to provide adequate resources in the form of collateral deposit.

In line with the argument presented by Stiglitz and Weiss (1981), banks use the collateral requirement as a measure to eliminate access demand from borrowers. The studies by Machmud and Huda (2011) and Cao *et al.* (2016) showed similar findings that collateral issues are exacerbated because banks perceive small enterprises as having too high a lending risk, as a result they use the collateral requirements act to reduce the moral hazard issues. Osano and Languitane's (2016:13) findings concluded that the collateral security requirement of banks creates a hindrance to SMEs in accessing bank credit finance, and as a result, SMEs are disenfranchised from access to the needed funds from banks.

Although descriptive statistics can provide clarity from large volumes of data, they do not set certainty about the values obtained, other than the measurement errors (Saunders *et al.*, 2012; Beins, 2008). This suggests that the need to generalise findings requires that data be subjected to further rigorous validity tests to help identify associations and determine the influence behind any phenomena (Malhotra, 2010).

5.5 VALIDITY AND RELIABILITY

5.5.1 Validity of market-driven strategies and access to finance

The SME questionnaire for this research was subjected to validity and reliability tests as measures to ensure that measurement error was kept to a minimum level and the quality was maintained. To ensure that the test indicated no measurement error, the content validity of the research instrument was used, and indicated that all the scale items of market-driven strategies and access to finance adequately covered the entire domain of the factors being measured.

Construct validity indicated that each measurement conformed to and addressed the questions in each construct. The factors underlying latent variables were established using the eigenvalue (Malhotra, 2010).

This study used factor analysis to measure the interrelated variables forming a construct to answer the research questions of the study. To ensure that the result is homogeneous with respect to each underlying factor, namely, the structure of market-driven strategies and access to finance constructs, the researcher did combine the two sub-samples of market-driven and access to finance after running each and results gave good representation of the unique structure of the group. Combined factor analysis was preferred for market-driven strategies and access to finance based on the homogeneity with respect to the underlying factor structure (Hair *et al.*, 2014:101). Exploratory factor analysis (EFA) is generally used to identify underlying constructs that explain the associations among a set of factors (Malhotra, 2010).

5.5.2 Validity tests of market-driven strategies and access to finance

This section reports on the validity tests as related to the market-driven strategies and access to finance constructs, and its suitability for the analysis. According to Tesfay (2016), exploratory factor analysis seeks to unveil the underlying structure of a relatively large group of factors. The researcher's interest is in the principal assumption that any indicator may be related to any variable. As there were no preceding theory and factor loadings, exploratory factor analysis was used to identify the factor pattern of the data.

5.5.2.1 KMO and Bartlett tests (market-driven strategies and access to finance)

First, the Kaiser-Meyer-Olkin (KMO) and Bartlett's test of sphericity were run to see whether the data is appropriate for a factor analysis. The results showed that the observed variables for market-driven strategies and access to finance loaded as anticipated on the expected numbers of variables. This is indicated by the Kaiser-Meyer-Olkin measure of sampling adequacy above 0.60 (Kaiser, 1970).

This was done to minimise the assumption of generalising that variances are equal across the samples (Pallant *et al.*, 2014). The Bartlett test of sphericity also tested the null hypothesis that the association matrix was an identity matrix and significant at the 99% confidence level ($p < 0.05$) (Bartlett, 1954).

Table 5.10 below displays the result of Bartlett's test of sphericity and the Kaiser-Meyer-Olkin (KMO) value for market-driven strategies and access to finance constructs.

Table 5.10: KMO and Bartlett's tests (Market-driven strategies and access to finance)

Kaiser-Meyer-Olkin measure of sampling adequacy		0.847
Bartlett's test of sphericity	Approx. Chi-Square	10222.454
	Df	820
	Sig.	0.000

Df – Degree of freedom; Sig - Significance

Source: Researcher's own compilation, 2020

The total value of KMO was found to be 0.847, which was actually an adequate value, and so, the data was suitable for factor analysis. The Bartlett's test of sphericity was significant at 820 degrees of freedom. The determinant of the association matrix was 0.000 which was less than 0.00001 and showed no multicollinearity in the variables (significant at $p < 0.001$).

5.5.2.2 Summary of communalities (market-driven strategies and access to finance)

Further analysis indicated how each of the items fit well with other items that share communality (see Table 5.11). Communality is defined as the ratio of variance a factor shares with all the other factors being measured in the analysis (Malhotra, 2010). With

factor analysis using Principal Component Analysis (PCA) (Varimax with Kaiser Normalisation), 41 items were extracted which represented all the variables of market driven strategies and access to finance, namely, market orientation (MO), entrepreneurial marketing (EM), competitive intensity (COMPINT) and technological dynamics (TECHDYN), financial information access (FIA), structure of bank (SoB), bank and business support services (Bbss) and collateral requirement (COLLATA) (see Table 5.11). All the items had communalities and the amount of variance accounted for by the common variables 0.3 and above. All the observed items are acceptable, given that their extraction ranges from 0.323 to 0.935, and this shows that there is adequate association amongst the 41 items.

Table 5.11 below presents a summary of the items' communality.

Table 5.11: Summary of communality (Market-driven strategies and access to finance)

Item	Extraction	Item	Extraction	Item	Extraction
MO 1	0.483	MO 15	0.392	FIA 3	0.682
MO 2	0.513	EM 1	0.433	Bbss 1	0.874
MO 3	0.527	EM 2	0.565	Bbss 2	0.875
MO 4	0.474	EM 3	0.636	Bbss 3	0.700
MO 5	0.566	EM 4	0.615	SoB 1	0.592
MO 6	0.568	COMPINT 1	0.908	SoB 2	0.632
MO 7	0.454	COMPINT 2	0.906	SoB 3	0.533
MO 8	0.424	COMPINT 3	0.935	SoB 4	0.499
MO 9	0.323	COMPINT 4	0.397	SoB 5	0.344
MO 10	0.414	TECHDYN 1	0.761	COLLATA 1	0.736
MO 11	0.615	TECHDYN 2	0.831	COLLATA 2	0.770
MO 12	0.616	TECHDYN 3	0.862	COLLATA 3	0.700
MO 13	0.497	FIA 1	0.867	COLLATA 4	0.724
MO 14	0.383	FIA 2	0.885		

Note: Item refers to question

Source: Researcher's own compilation, 2020

5.5.2.3 *Total variances explained (market-driven strategies and access to finance)*

Table 5.12 (market-driven strategies) suggests that factors 1 to 8 indicate constructs that had more than two significant loadings, from the results, it suggests each construct is stable (see Table 5.14 for detail of factor 1 to 8 components). In Table 5.12 (market-driven strategies and access to finance) the column labelled 'Total' gives the eigenvalues. The eigenvalues for the factors as expected, are supposed to be in decreasing order of magnitude from factor 1 to 8 (Pallant, 2011). In this analysis, only factors with eigenvalues greater than 1.0 were retained, while those below were not included in the model. This is because eigenvalues represent the amount of variance associated with the factor (Pallant, 2011).

Table 5.12: Total variance explained (Market-driven strategies and access to finance)

Factor	Initial eigenvalues		
	Total	% of variance	Cumulative %
1	9.224	22.498	22.498
2	4.620	11.268	33.766
3	2.644	6.449	40.216
4	2.264	5.522	45.738
5	2.139	5.216	50.955
6	1.737	4.236	55.190
7	1.525	3.721	58.911
8	1.259	3.070	61.981

Source: Researcher's own compilation, 2020

Table 5.12 indicates that 8 eigenvalues are greater than one and 8 components (factors) were extracted. This explains the total percentage of variance and cumulative percentage of variance are similar to those of the first 8 items in the initial eigenvalues. A close look at the scree plot in Figure 5.1 (market-driven strategic and access to finance constructs) supports the 8 factor components in Table 5.12 (Total variance explained).

5.5.2.4 Scree plots (market-driven strategies and access to finance)

The scree plot (Figure 5.1) indicates a plot of the eigenvalues against the number of factors to allow for the extraction of the market-driven strategic and access to finance constructs. Upon examining the scree plot, which uses the Kaiser criterion, a first change (or elbow) in the shape of the plot was observed.

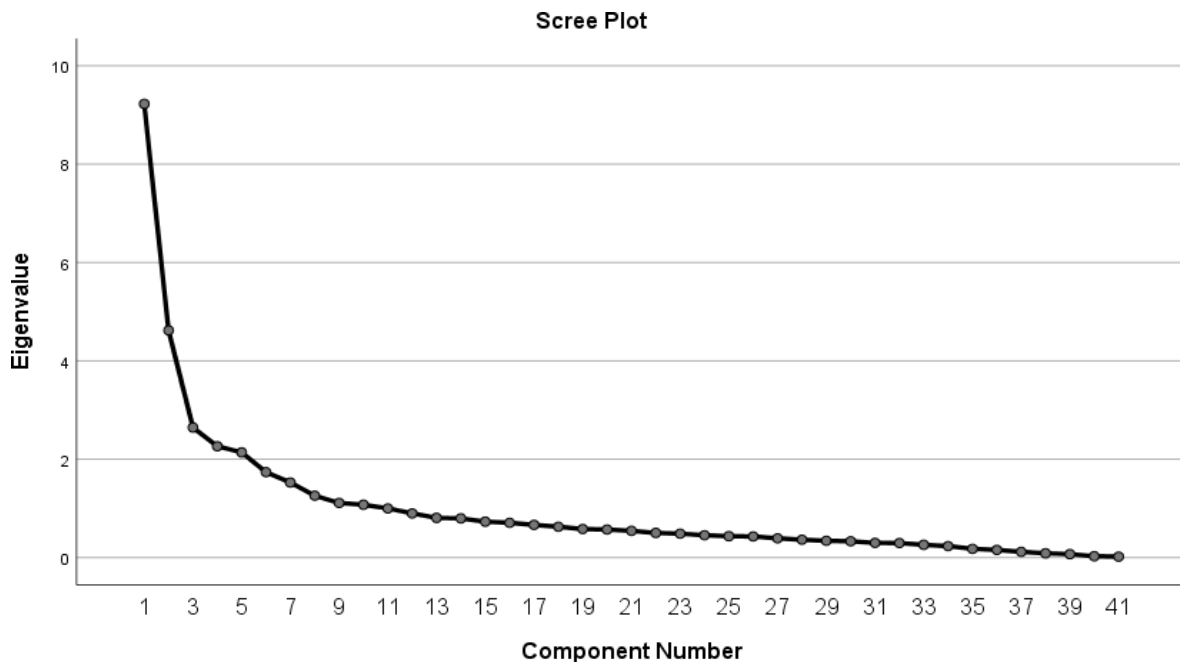


Figure 5.1: Scree test (Market-driven strategic and access to finance constructs)

Source: SPSS 25

This change in the graph in Figure 5.1 indicates that the 8 items are appropriate factors to retain of market-driven strategies (market orientation, entrepreneurial marketing, competitive intensity and technological dynamics) and access to finance (financial information access, bank and business support services, structure of bank and collateral requirement). From the eighth factor on, the line gradually trails off successively and flattens, and this implies that factors thereafter get smaller as a fraction of the total variance. The result also suggests that the 8 factors contribute the most to the explanation of the variance that determined the eigenvalue criterion, and they were retained for further analysis (Pallant, 2011; Hair *et. al.*, 2014).

5.5.2.5 Component correlation matrix(s) (Market-driven strategies and access to finance)

Since 8 factors were extracted for the market-driven strategic and access to finance constructs presented in Table 5.13, to decide which rotation to use for the exploratory

factor analysis, the study ran the component correlation matrix to see whether the components (factors) are correlated or not.

Table 5.13: Component correlation matrix (Market-driven strategies and access to finance)

Component Correlation Matrix								
Component	1	2	3	4	5	6	7	8
1	1,000							
2	-0,006	1,000						
3	-0,251	-0,082	1,000					
4	0,271	-0,039	-0,339	1,000				
5	-0,036	-0,182	-0,021	-0,059	1,000			
6	-0,254	-0,013	0,311	-0,412	0,080	1,000		
7	-0,033	-0,203	0,020	0,055	0,143	-0,053	1,000	
8	-0,051	0,166	0,023	-0,111	-0,121	0,043	-0,180	1,000

Extraction Method: Principal Component Analysis.

Rotation Method: Oblimin with Kaiser Normalization.

Table 5.13 above indicates that none of the correlations are less than -0.5 or greater than +0.5, hence, the results in the table suggest that the components (factors) are not correlated and the rotation to be used is Varimax for constructs of market-driven strategies and access to finance (Field, 2018; Hair *et al.*, 2014; 2010). A Principal Component Analysis (PCA) was run using a Varimax rotation for market-driven strategies and access to finance constructs.

5.5.2.6 Rotated component matrix(s) (Market-driven strategies and access to finance)

In line with the exploratory factor analysis, using Principal Component Analysis yielded 8 factors for the market-driven strategies and access to finance constructs, as shown in Table 5.14 below. Before the Principal Component Analysis there were 26 items in the original market-driven strategies constructs model (15 – market orientation, 4 – entrepreneurial marketing, 4 – competitive intensity, and 3 – technological dynamics) and 15 items in access to finance model (3 – financial information access, 3 – bank and business support services, 5 – structure of bank, and 4 – collateral requirement). The Principal Component Analysis method with Varimax with Kaiser Normalisation for

market-driven strategies and access to finance constructs indicated that some of the items of factors crossed loaded to form a new 8 components (factors) (see Table 5.14 below).

Table 5.14: Rotated component matrix (Market-driven strategies and access to finance)

	Rotated component matrix								
	Factor/Component								
Series	Item (Proxy)	1	2	3	4	5	6	7	8
TECHDYN3	We cannot meet the actuality and novelty of technology.	.899							
TECHDYN1	High and latest technological innovations in the product market are a huge constraint.	.840							
TECHDYN2	We are yet to take advantage of opportunities created by technology.	.830							
COLLATA 1	Financial and management experience criteria to access finance.	.817							
COLLATA 4	Credit rationing is a major constraint to applicants who have defaulted.	.816							
COLLATA 2	Collateral needed for credit application	.695							
COLLATA 3	Collateral principal hindrance	.468							
SoB 2	Collateral principal hindrance		.752						
SoB 3	Banking regulatory structure hindrance to SMEs' access to loan		.707						
SoB 4	Enterprise lacks equity financing due to legal status.		.680						

	Rotated component matrix								
	Factor/Component								
Series	Item (Proxy)	1	2	3	4	5	6	7	8
SoB 1	Low competition in the financial sector determines the price of financial products		.657						
SoB 5	Enterprise hardly accessed venture finance on the ground of ownership pattern		.544						
COMPINT 1	Competition is highly intense in our business sector.			.894					
FIA 1	There is inadequate awareness of information on funding.			.882					
COMPINT 2	Enterprise finds it hard to sustain market share.			.859					
FIA 2	Enterprise aware of agencies who provide finance.			.816					
FIA 3	Understanding obstacles to accessing financing.			.531					
COMPINT3	There are frequent competitive moves by enterprises that offer similar products to ours				.898				
Bbss 1	Adequate policies in place to access finance.				.884				
Bbss 2	Support programmes in place to access finance.				.845				

	Rotated component matrix								
	Factor/Component								
Series	Item (Proxy)	1	2	3	4	5	6	7	8
Bbaa 3	Financial schemes in place to access finance.				.587				
COMPINT4	Enterprise is weak in analysing competitors' strengths.				.454				
MO 1	Entrepreneur or manager niche is too focused on customer preferences.					.655			
MO 7	The chance to be of service is to respond to customers' requests.					.645			
MO 2	Create value for customers					.644			
MO 8	The chance to promote customer retention					.622			
MO 3	Entrepreneur or manager's opportunity is to focus on customers' information.					.620			
MO 9	Pursue business strategy to create unique value for the customer.					.458			
MO 11	Take advantage of targeted opportunities against our competitors' weaknesses.						.766		
MO 12	We take proper measures to maintain customer loyalty.						.742		
MO 13	Always on the lookout for a strategic launch on our customers from our competitors.						.667		

	Rotated component matrix								
	Factor/Component								
Series	Item (Proxy)	1	2	3	4	5	6	7	8
MO 14	Develop competitive strategies to competitor's actions.						.540		
MO 15	Target opportunities for competitive advantage of customers.						.448		
MO 10	Term work involves salespersons sharing competitors' weaknesses.						.420		
EMT3	Objective results require the ability to measure customers' satisfaction.							.738	
EMT4	Enterprise's job is to regularly measure customers' satisfaction.							.737	
EMT2	Regular analysis of target market to track customers' needs.							.724	
EMT1	Focal priority is a chance to objectively satisfy customer satisfaction.							.566	
MO 5	Ability to study the underlying trends in customers' disposition.								.686
MO 4	Use of strategy based on competitive advantage to understand customers' needs.								.625
MO 6	Our major strength reflects in effective and efficient customer analysis.								.610

	Rotated component matrix								
	Factor/Component								
Series	Item (Proxy)	1	2	3	4	5	6	7	8
Extraction method: Principal Component Analysis Rotation Method: Varimax with Kaiser Normalization Rotation converged in 7 iterations									

Source: Researcher's own compilation, 2020

From the results in Table 5.14 (factor analysis) it can be seen that it regrouped all the items of technological dynamics and collateral requirement into one factor and called Factor 1. Factor 1 is called TECHDYN and COLLATA.

All items of structure of bank (SoB) are grouped under Factor 2. Factor 2 is called SoB.

All items of financial information access (FIA) are grouped under Factor 3 and with COMPINT 1 and COMPINT 2. Factor 3 is called FIA and COMPINT 1 – 2.

All items of bank and business support services (Bbss) are grouped under Factor 4. COMPINT 3 and COMPINT 4 were also grouped into this factor. Factor 4 is called Bbss and COMPINT 3 – 4.

All items of MO 1 to MO 3 and MO 7 to MO 9 grouped under Factor 5. Factor 5 is called MO 1 to MO 3 and MO 7 to MO 9.

All items of MO 10 to MO 15 are grouped under 6. Factor 6 is called MO 10 to MO 15.

All items of entrepreneurial marketing (EM) are grouped under Factor 7. Factor 7 is called EM.

All items of MO 4 and MO 6 are grouped under Factor 8. Factor 8 is called MO 4 to MO 6 after the rotation.

All the items loading on factors were above 0.3 on the agreed threshold sample of 350 and above (Pallant, 2011; Hair *et al.*, 2014). Each factor loading of the items reached a value above 0.8, which according to Hair *et al.* (2010; 2014), is a satisfactory result. Table 5.14 shows that the items loaded in each factors that are related to market-driven strategies and access to finance such as; technological dynamic, competitive intensity, entrepreneurial marketing, market orientation, financial information access, structure of bank, bank and business support services and collateral requirement, after the Principal Component Analysis converged after 7 iterations of rotation.

Since all the factors loaded significantly on the expected factors in Table 5.14 (Rotated Component matrixes), it was decided that the 8-item scale measuring the constructs of market-driven strategies and access to finance are scale indicators that formed a single convergence in this study analysis. The factor loadings also indicated a general perspective that respondents understood questions on the issues that relate to market-driven strategies and access to finance that influence SMEs' competitive growth.

The next section discusses issues relating to the reliability tests of this study.

5.5.3 Reliability test of market-driven strategies and access to finance

To estimate the reliability of constructs and the internal consistency of scale, the questionnaire was further subjected to a test using the Cronbach's alpha. This is because Cronbach's Alpha estimates the internal consistency reliability of the scale items (Saunders *et al.*, 2012; Malhotra, 2010).

In this study, the following factors were obtained after running Cronbach's alpha and exploratory factor analysis tests. The tests identified 8 constructs in conjunction with the narratives in the study, as reported in Table 5.15.

Table 5.15: Market-driven strategies and access to finance factors after running Cronbach's alpha and exploratory factor analysis

Factor	N		Total Cronbach's alpha
Factor 1: TECHDYN & COLLATA	7	1. TECHDYN 1 2. TECHDYN 2 3. TECHDYN 3 4. COLLATA 1 5. COLLATA 2 6. COLLATA 3 7. COLLATA 4	0.924
Factor 2: SoB	5	1. SoB 1 2. SoB 2 3. SoB 3 4. SoB 4 5. SoB 5	0.774
Factor 3: FIA & COMPINT 1 - 2	5	1. FIA 1 2. FIA 2 3. FIA 3 4. COMPINT 1 5. COMPINT 2	0.939
Factor 4: Bbss & COMPINT 3 - 4	5	1. Bbss 1 2. Bbss 2 3. Bbss 3 4. COMPINT 3 5. COMPINT 4	0.878

Factor	N		Total Cronbach's alpha
Factor 5: MO 1to MO3 & MO 7 to MO 9	6	1. MO1 2. MO 2 3. MO 3 4. MO 7 5. MO 8 6. MO 9	0.689
Factor 6: MO 10 to MO 15	6	1. MO 10 2. MO 11 3. MO 12 4. MO 13 5. MO 14 6. MO 15	0.688
Factor 7: EM	4	1. EM 1 2. EM 2 3. EM 3 4. EM 4	0.730
Factor 8: MO 4 to MO 6	3	1. MO 4 2. MO 5 3. MO 6	0.634
Total	41		DECISION = 0.782

Reliability Coefficients: No. of factors = 8

Source: Researcher's own compilation, 2020

The reliability test indicates that all scale scores in the analysis have an alpha coefficient between 0.634 and 0.939, and this suggests adequate reliability scale scores, which are within the approved levels of significance for market-driven strategies and access to finance (Hair *et al.*, 2014).

According to Burns and Burns (2008:417), an alpha of 0.8 or above is considered as excellent for assuming uniformity of items. Although the generally-agreed lower limit for Cronbach's alpha is 0.7, it may decrease to 0.60 in exploratory research (Hair *et al.* 2010; 2014). This study is an exploratory research study and all the scale scores of the Alpha coefficients suggest adequate reliability scale scores for market-driven strategies and access to finance (see Table 5.15).

The next section presents the analysis of the degree (extent) of correspondence between the dependent factor (competitive growth) and the 8 factors of market orientation (MO), entrepreneurial marketing (EM), competitive intensity (COMPINT),

technological dynamics (TECHDYN), financial information access (FIA), structure of bank (SoB), bank and business support services (Bbss) and collateral requirement (COLLATA)

5.6 CORRELATION ANALYSIS

Correlation determines the degree of association between variables (Saunders *et al.*, 2012) and such associations are in terms of the relationship between two sets of constructs, assessed in terms of correlation coefficients (Malhotra, 2010). First, a normality test was done on the 8 factors of the market-driven strategies and access to finance constructs to ascertain if the p -value is greater than 0.05, and as such, to determine which of the Kolmogorov-Smirnov or Shapiro-Wilk tests to adopt, as presented in Table 5.16 below.

The tests of normality indicated the Shapiro-Wilk tests as most proper for the market-driven strategies and access to finance factors. This is because the Shapiro-Wilk test indicated that the p -value of the test for normality was less than 0.05, which suggests that the data differs from normality, and it suggested the nonparametric Spearman's correlation analysis (see Table 5.16) for the market-driven strategies and access to finance factors (Chen *et al.*, 2011; Kline, 2010).

Table 5.16: Tests of normality (Market-driven strategies and access to finance)

	Normality tests					
	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
MO	0.077	384	0.000	0.971	384	0.000
EM	0.078	384	0.000	0.985	384	0.000
COMPINT	0.137	384	0.000	0.923	384	0.000
TECHDYN	0.246	384	0.000	0.866	384	0.000
FIA	0.281	384	0.000	0.879	384	0.000
Bbss	0.272	384	0.000	0.884	384	0.000
SoB	0.198	384	0.000	0.751	384	0.000
COLLATA	0.214	384	0.000	0.910	384	0.000
COMPGRO	0,222	384	0,000	0,855	384	0.000
Lilliefors Significance Correction						

Note: MO – market orientation, EM – entrepreneurial marketing, COMPINT – competitive intensity, TECHDYN – technological dynamics, FIA – financial information access, Bbss – bank and business support services, SoB – structure of bank and COLLATA – collateral requirement.

Table 5.17 below shows the association analysis of all market-driven strategies and access to finance factors' market orientation (MO), entrepreneurial marketing (EM), competitive intensity (COMPINT), technological dynamics (TECHDYN), financial information access (FIA), bank and business support services (Bbss), structure of bank (SoB) and collateral requirement COLLATA), and the degree to which each contributes to SMEs' competitive growth.

The results indicated that the higher level (extent) of correlation between independent variables to dependent variable (competitive growth) may directly be associated with the SMEs' competitive growth and *vice versa*.

Table 5.17: Spearman correlations (Relationship between market-driven strategies and access to finance on competitive growth)

Spearman correlations									
Variables	MO	EM	COMPINT	TECHDYN	FIA	Bbss	SoB	COLLATA	COMPGRO
MO	1								
EM	.38**	1							
COMPINT	-.01	-.02	1						
TECHDYN	.07	.04	.37**	1					
FIA	-.08	-.04	.76***	.32**	1				
Bbss	.02	-.00	.65***	.27**	.44**	1			
SoB	.03	.07	.25**	.23**	.35**	.33**	1		
COLLATA	.06	-.00	.30**	.76***	.37**	.33**	.39**	1	
COMPGRO	-.01	.04	.53***	.78***	.54***	.36**	.31**	.74***	1

Note: N= 384, MO – market orientation, EM – entrepreneurial marketing, COMPINT – competitive intensity, TECHDYN – technological dynamics, FIA – financial information access, Bbss – bank and business support services, SoB – structure of bank and COLLATA – collateral requirement and COMPGRO = competitive growth.

The results in Table 5.17 above indicate the following:

There is a positive correlation between entrepreneurial marketing (EM) and market orientation ($r=0.38$; medium effect, $p<0.05$).

A positive correlation was observed between competitive intensity (COMPINT) and technological dynamics (TECHDYN) ($r=0.37$; medium effect, $p<0.05$). A positive correlation between competitive intensity (COMPINT) and financial information access (FIA) ($r = 0.76$; large effect; $p<0.05$), Bank and business support services (Bbss) ($r= 0.65$; large effect; $p<0.05$), structure of bank SoB ($r= 0.25$; small effect, $p<0.05$) and collateral requirements (COLLATA) ($r=0.30$; medium effect, $p<0.05$). A positive correlation was observed between competitive intensity (COMPINT) and competitive growth (COMPGRO) ($r = 0.55$; large effect; $p<0.05$).

There is a positive correlation between technological dynamics (TECHDYN) and financial information access (FIA) ($r = 0.32$; medium effect $p<0.05$), business support services (Bbss) ($r= 0.27$; small effect; $p<0.05$), structure of the bank (SoB)($r=0.23$; small effect, $p<0.05$) and collateral requirements (COLLATA) ($r = 0.76$; large effect; $p<0.05$). The results indicated a positive correlation between technological dynamics (TECHDYN) and competitive growth (COMPGRO) ($r = 0.78$; large effect; $p<0.05$).

Furthermore, the results indicated that:

There is a positive correlation between financial information access (FIA) and bank and business support services (Bbss) ($r = 0.44$; medium effect $p<0.05$); structure of bank (SoB) ($r = 0.35$; medium effect; $p<0.05$), collateral requirements (COLLATA) ($r= 0.37$; medium effect; $p<0.05$). The analysis indicates a positive relationship between financial information access (FIA) and competitive growth (COMPGRO) (related), $r = 0.54$; large effect; $p<0.05$).

There is a positive correlation between structure of bank (SoB) and bank and business support services (Bbss) ($r = 0.33$; medium effect; $p<0.05$), collateral requirements (COLLATA) ($r= 0.33$; medium effect; $p<0.05$). The result indicates a positive correlation between structure of bank (SoB) and competitive growth (COMPGRO) ($r = 0.36$; medium effect; $p<0.05$).

The results indicate a positive correlation between collateral requirement and structure of the bank (SoB) ($r = 0.39$; medium effect; $p<0.05$). A positive correlation was observed between collateral requirements and competitive growth (COMPGRO) ($r =$

0.3; medium effect; $p < 0.05$). The result indicates that there was a positive correlation between collateral requirement (COLLATA) and competitive growth (COMGRO) ($r = 0.74$; large effect, $p < 0.05$).

The analysis of Table 5.17 revealed high and moderate correlations between the independent variable of market-driven strategies (COMPINT) and access to finance factors, such as financial information access (FIA) and competitive intensity (COMPINT), bank and business support services (Bbss) and competitive intensity (COMPINT), structure of bank (SoB) and competitive intensity, collateral requirement and competitive intensity are each related to SMEs competitive growth of SMEs.

Firstly, it revealed inadequate information access is a major constraint to SMEs, which is related to the enterprises' competitive intensity to attain competitive growth.

Secondly, it showed that most SMEs see government as not supportive enough in focusing on enabling resources or agencies that allow enterprises to leverage the barriers to access credit from banks and it is related to the competitive intensity of SMEs to competitive growth (COMPGRO).

This seems to be further exacerbated by the low competition in the financial market in which the three major banks seem to rely more on the regulatory regime of the country, rather than on the actual market structure. This suggests that, it is directly correlated to SMEs' competitive intensity capacity, which is related to the enterprise's competitive growth. The result is in congruence with Osano and Languitone (2016) who suggests that, the high regulatory regime in the country probably leads the banks insisting on a collateral requirement equal the amount to be borrowed. Most banks insist on this measure as a means of discouraging potential clients (SMEs) that they consider as risky, and this ultimately is related to the SMEs' competitive intensity capacity to competitive growth.

The medium effect correlations between the financial information access, technological dynamics, bank and business support services and technological dynamics, structure of bank and technological dynamics, and collateral requirement and technological dynamics to competitive growth, indicate a relatively positive level of agreement, which is related to the SMEs' competitive growth.

Firstly, it showed that inadequate financial information access is a constraint to the enterprise's market responsiveness in terms of technological innovation, and as such, it is related to the SMEs' competitive growth.

Secondly, it showed that most SMEs see government support and enabling resources (Bbss) as inadequate, to such a degree that they are unable to leverage the barriers to access credit from banks to enable their operations, which consequently trigger both a radical and novelty association on new-to-market products and techniques (TECHDYN) to attain competitive growth.

Thirdly, the low competition amongst the three banks in the financial market (SoB) in Lesotho affect the prices of financial products/services that the banks offer to clients (SMEs) to such a degree that it constrains the enterprises' capacity of increasing their cost-effectiveness in improving the production of technological innovated goods or services (TECHDYN) to such a degree that they are better than competitors to attain competitive growth. The result is in agreement with Mazanai and Fatoki (2012) and Lee and Kim (2014) which suggests that, the high collateral requirement most banks insist on discourages potential clients (SMEs) from seeking opportunities to afford better technology (TECHDYN) to achieve a higher production capacity, and to leverage costs more effectively to maximise optimal returns to attain competitive growth.

In summary, the correlation analysis suggests that most SMEs are constrained by the aforementioned independent factors of market-driven strategies and access to finance, and such could be related to the entrepreneurs or managers' capabilities to attain competitive growth. This means that fewer constraints from such market-driven strategic and access to finance factors could be associated with the SME's capacity to attain growth.

The next section focuses on the regression analysis of Research objectives 3 of the study, to determine if market-driven strategies and access to finance predict SMEs' competitive growth.

5.7 MULTIPLE REGRESSION ANALYSIS

The multiple regression techniques were utilised to establish the level of the relationship between factors and their fit validity. This analysis was done to establish

the extent market-driven strategies and access to finance factors influence the competitive growth (dependent variable) of SMEs in the selected districts of Lesotho.

5.7.1 Model summary

Table 5.18 gives more insight into how much the measure of the proportion of the variance of the dependent variable (competitive growth) mean is explained by the 8 factors (market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, bank and business support services, structure of bank and collateral requirement).

The regression model of market-driven strategies and access to finance indicate that it is significant at the 95% level of significance, and with a p -value less than 0.05. The regression output of Table 5.18 below reveals that $R = 0.922$ and R^2 of 0.850. The R^2 obtained was greater than the 50% thresholds considered in most studies as variance which explains model contribution (Pallant, 2011).

The adjusted R^2 indicates that market-driven strategies and access to finance explained 84.7% of the variance on competitive growth.

Table 5.18: Model summary (Coefficient of determination (R^2))

Model	R	R-square	Adjusted R square	Std. error of estimate	R. square change	F. change	df 1	df 2	Sig. F. change
1	0.922	0.850	0.847	0.28851	0.850	265.453	8	375	0.000
Predictor: (constant), market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, structure of bank, bank and business support services and collateral requirement Dependent variable: competitive growth (COMPGR0)									

Source: Researcher's own compilation, 2020

The Durbin Watson statistic was tested for autocorrelation in the residuals for statistical analysis. A value of 2.0 as average was obtained, meaning there was no autocorrelation detected in the sample.

5.7.2 Analysis of variance (ANOVA)

The analysis of variance was used to test the difference in the mean values of the dependent variable (competitive growth) and the independent variables (market orientation, entrepreneurial marketing, competitive intensity, technological dynamics,

financial information access, structure of bank, bank and business support services and collateral requirement). The result suggests that, the model is significant ($F(8, 375) = 265.453, p < 0.001$) and this is because the associated probability is less than the significance level of 0.001.

Table 5.19: Analysis of variance

ANOVA						
Model		Sum of square	df	Mean square	F	Sig.
1	Regression	176.765	8	22.096	265.453	0.000
	Residual	31.214	375	0.083		
	Total	207.979	383			
Dependent variable: competitive growth *Predictor: (constant), market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, structure of bank, bank and business support services and collateral requirement.						

Source: SPSS 25

5.7.3 Standardised coefficient (Regression between market-driven strategies, access to finance and competitive growth)

Table 5.20 presents the results of the multiple regression analysis that determined the regression coefficients (β). The multiple regression is significant at 95% level of confidence ($p < 0.05$).

According to Pallant (2011), to find out how well each of the 8 variables (market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, structure of bank, bank and business support services and collateral requirement) contribute to the final equation, first determine if the tolerance values of the 8 variables exceed the 0.10 cut-off point for determining multicollinearity (Malhotra, 2010). This justified that the researcher has not violated the multicollinearity assumption (Pallant, 2011).

The coefficients in Table 5.20 summarise the results of all 8 variables (market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, structure of bank, bank and business support services and collateral requirement) entered into the equation. Scanning through the significant

column indicated the following factors contribution to SMEs competitive growth; technological dynamics contributed (TECHDYN) 42.1%, collateral requirement (COLLATA) 38.8%, competitive intensity (COMPINT) 16.1%, and financial information access (FIA) was 13.5%. The model (Table 5.20) indicates that TECHDYN contributed the most in explaining competitive growth of SMEs.

This suggests that the technological dynamic capacity of the SME positively influence the enterprise's competitive growth.

The model (Table 5.20) also indicated that, SMEs being market-oriented (magnitude -6.4%) does not directly influence the enterprises attaining competitive growth. This suggests that the market orientation practice in most Basotho enterprises is below the capacity needed to drive the competitive growth of SMEs. It also suggests the lack of understanding of most SMEs entrepreneurs and managers on the concept of market orientation influence on their enterprises. Structure of bank (SoB) was -5.5% significant, but negatively influenced the competitive growth of SMEs. The negative magnitude of the structure of bank suggests the unlikely influence on SMEs access to finance in the selected districts of Lesotho. (See Table 5.20).

Table 5.20: Standardised coefficient (Regression between market-driven strategies, access to finance and competitive growth)

Coefficients ^a									
Model	Unstandardised coefficients		Standardised coefficient	T	Sig.	95% confidence for B		Collinearity statistics	
	B	Std. error	B			Lower bound	Upper bound	Tolerance	VIF
1 (constant)	0.582	0.211	0.582	2.751	0.006	1.710	3.072		
MO	-0.086	0.030	-0.064	-2.849	0.005	0.070	0.186	0.967	1.301
EM	0.025	0.020	0.028	1.243	0.215	0.067	0.122	0.964	1.316
COMPINT	0.168	0.048	0.161	3.492	0.001	0.141	0.309	0.955	3.557
TECHDYN	0.349	0.034	0.421	10.219	0.000	-0.073	0.117	0.967	3.524
FIA	0.126	0.036	0.135	3.461	0.001	0.073	0.189	0.987	1.035
Bbss	-0.006	0.030	-0.006	-0.209	0.835	0.075	0.142	0.994	1.037
SoB	-0.077	0.037	-0.055	-2.067	0.039	0.148	0.409	0.977	1.045
COLLATA	0.369	0.042	0.388	8.721	0.000	0.083	0.127	0.953	1.034
Dependent variable: competitive growth									

Source: SPSS 25

The equation below indicates how well each of the 8 variables contribute to the regression findings, and the substitution of the final equation as discussed in Section 4.10 of this research study:

$$\text{COMPGRO} = 0.582 + -0.064(\text{MO}) + 0.028(\text{EM}) + 0.161(\text{COMPINT}) + 0.421(\text{TECHDYN}) + 0.135(\text{FIA}) + -0.006(\text{Bbss}) + -0.055(\text{SoB}) + 0.388(\text{COLLATA}) \dots\dots\dots(2)$$

The need for a more robust report necessitates the use of structural equation modelling. This was to guarantee if the conceptualised framework of market-driven strategies and access to finance fit the data.

5.8 STRUCTURAL EQUATION MODELLING

The structural equation modelling of the objective 4 of this study sought to determine if the market-driven strategies and access to finance influences competitive growth.

To determine if the conceptual framework of market-driven strategies and access to finance fit the data, Figure 5.2 first presents the path analysis for the overall model (market-driven strategies and access to finance factors).

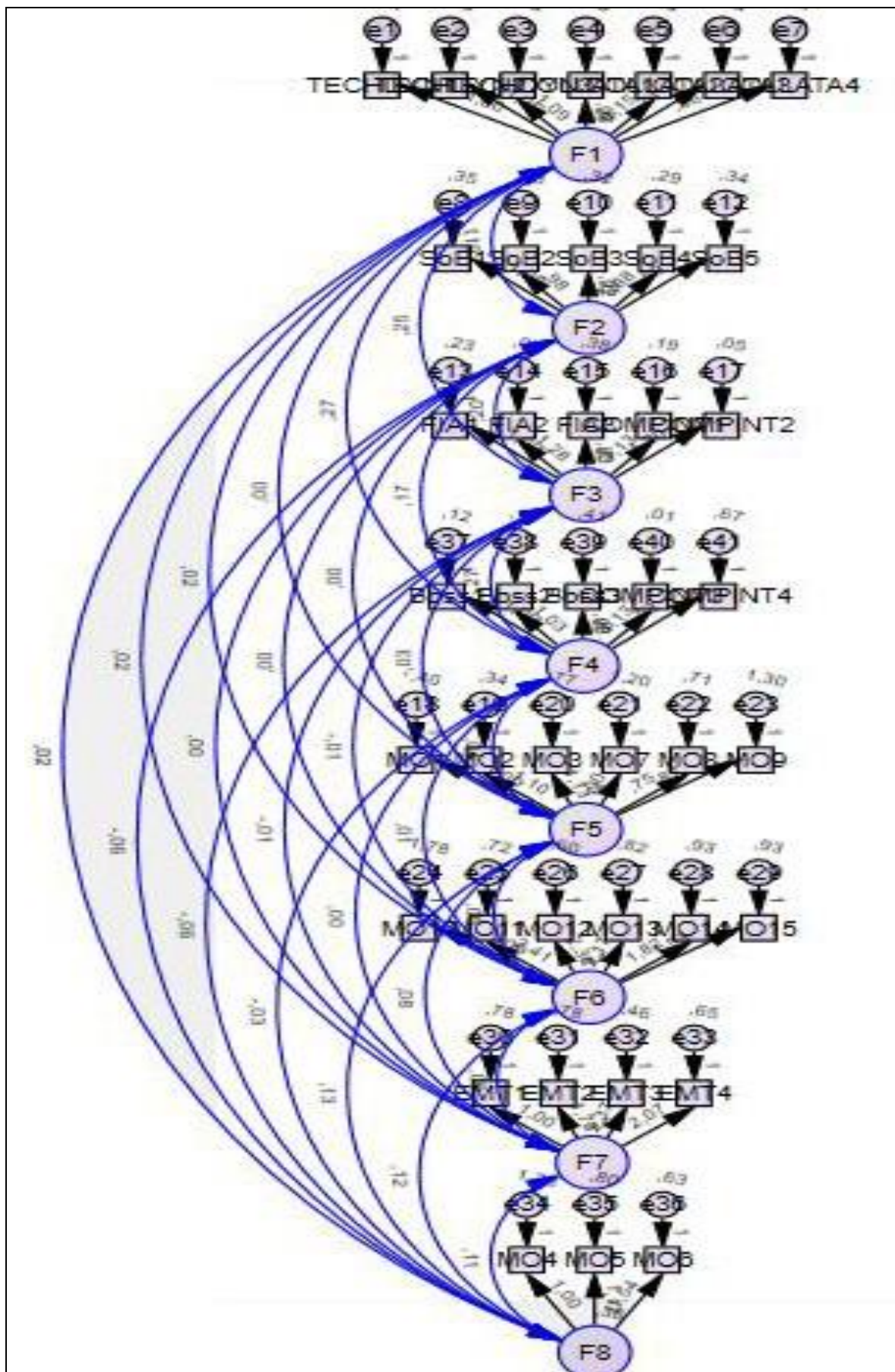


Figure 5.2: CFA for the overall model (market-driven strategies and access to finance)

Note: the following acronyms mean:

F1= Technological dynamics and collateral requirement (TECHDYN & COLLATA)

F2 = Structure of bank (SoB)

F3 = Financial information access and competitive intensity (FIA & COMPINT 1-2)

F4 = Bank and business support services and competitive intensity (Bbss & COMPINT 3-4)

F5 = Market orientation (MO 1 to MO3 & MO7 to MO9)

F6 = Market orientation (MO 10 to MO15)

F7 = Entrepreneurial marketing (EM)

F8 = Market orientation (MO 4 to MO 6) (see questionnaire in Appendix C)

The thresholds for the model (Figure 5.2) fit indices were taken from Ajayi and Oyedele (2018) who based their study on the recommendations from well-known SEM authors (Chen, Zhang, Liu & Mo, 2012; Hair *et al.*, 2010; Kline, 2012).

The values obtained from the Confirmatory Factor Analysis of the overall model (market-driven strategies and access to finance) indicated that all Goodness-of-Fit indices did not fall within the recommended threshold parameters of Goodness-of-Fit (GOF) measures (see Table 5.21).

Table 5.21: Summary of the statistics of the complete theoretical model (market-driven strategies and access to finance)

Statistic	Recommended level of GOF measures	Value for the complete theoretical model
Normed Chi-square (CMIN/DF)	< 5 (preferably between 1 and 2)	3.667
Root mean-square error of approximations (RMSEA)	< 0.10 (preferably < 0.08)	0.083
Goodness-of-fit index (GFI)	0 (no fit) – 1 (perfect fit)	0.722
Adjusted Goodness-of-Fit Index (AGFI)	0 (no fit) – 1 (perfect fit)	0.678
Comparative fit index (CFI)	0 (no fit) – 1 (perfect fit)	0.802
Normed Fit Index (NFI)	0 (no fit) – 1 (perfect fit)	0.748
Tucker-Lewis Index (TLI)	0 (no fit) – 1 (perfect fit)	0.782
Parsimonious Goodness-of-Fit Index (PGFI)	0 (no fit) – 1 (perfect fit)	0.624
Parsimonious Normed of Fit Index (PNFI)	0 (no fit) – 1 (perfect fit)	0.680

Source: SPSS 25

After the confirmatory factor analysis, the structural equation modelling (SEM) was run. The structural equation modelling is a technique that is used to estimate a series of dependent variables and is integrated into an incorporated model which explains some concepts more explicitly.

The final structural equation modelling was derived from the covariance estimates of all the explanatory variables of market-driven strategies and access to finance on competitive growth. The results indicated that market-driven strategies and access to finance factors fit the data analysis (see Figure 5.3 and Table 5.22).

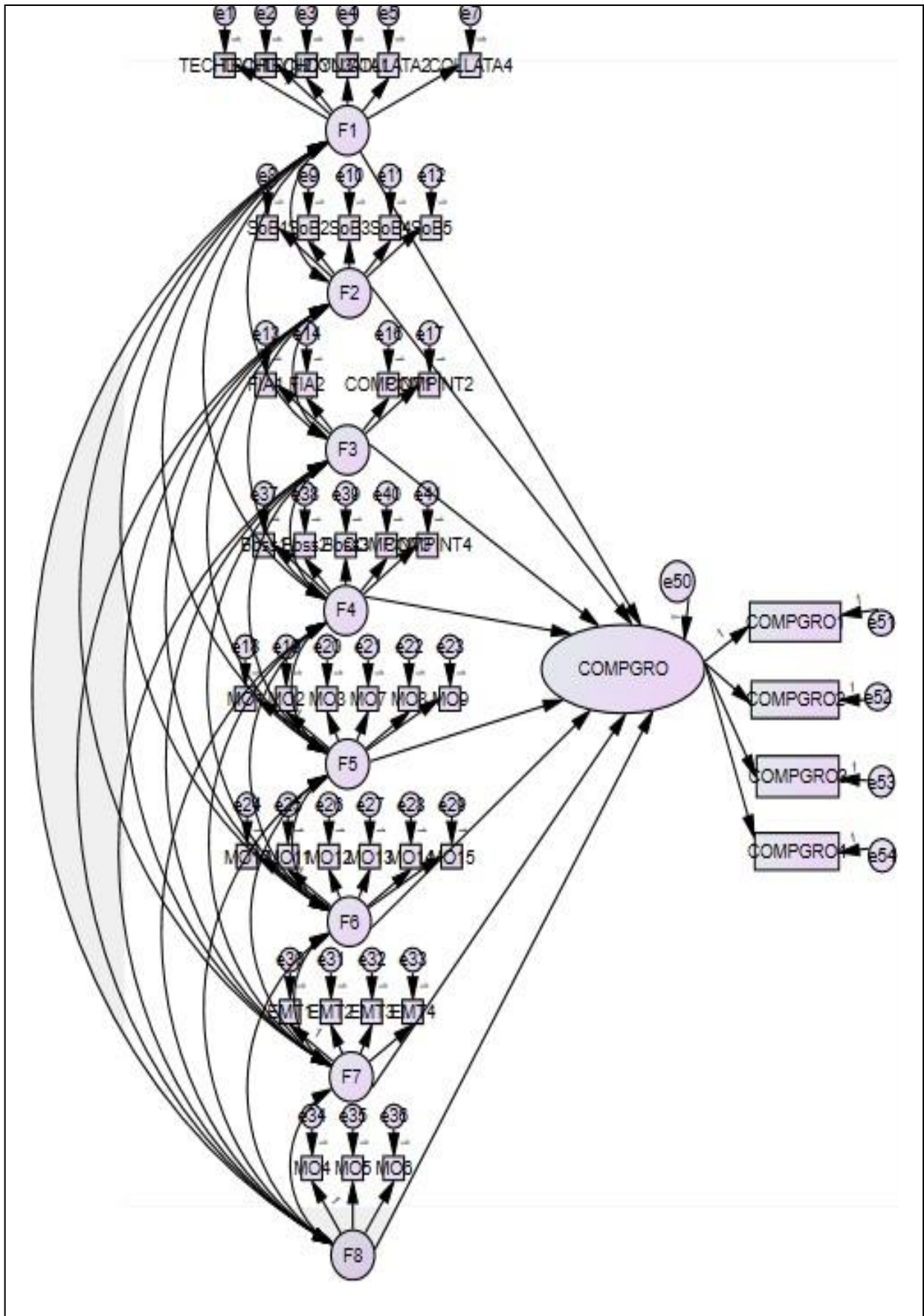


Figure 5.3: The final Structural Equation Model (market-driven strategies and access to finance)

Table 5.22 presents the summary results of the structural equation modelling statistics of the overall model of market-driven strategies and access to finance fit for the data analysis.

Table 5.22: Summary results of structural equation modelling (market-driven strategies and access to finance)

Statistic	Recommended level of GOF measures	Value for the complete theoretical model
Normed Chi-square (CMIN/DF)	< 5 (preferably between 1 and 2)	5.169
Root mean-square error of approximations (RMSEA)	< 0.10 (preferably < 0.08)	0.104
Goodness-of-fit index (GFI)	0 (no fit) – 1 (perfect fit)	0.672
Adjusted Goodness-of-fit Index (AGFI)	0 (no fit) – 1 (perfect fit)	0.624
Comparative fit index (CFI)	0 (no fit) – 1 (perfect fit)	0.717
Normed fit Index (NFI)	0 (no fit) – 1 (perfect fit)	0.674
Tucker-Lewis Index (TLI)	0 (no fit) – 1 (perfect fit)	0.690
Parsimonious Goodness-of-fit Index (PGFI)	0 (no fit) – 1 (perfect fit)	0.586
Parsimonious Normed-of-fit Index (PNFI)	0 (no fit) – 1 (perfect fit)	0.615

Source: SPSS 25

As seen in Table 5.22 above, although the CMIN/DF and the RMSEA are a bit above the recommended levels, the other goodness-of-fit (CFI, GFI, AGFI, NFI, TLI, PGFI, and PNFI) measures are also not acceptable (Chen *et al.*, 2012).

Following the results obtained from the structural equation modelling, and as discussed in Section 1.9, eight hypotheses (paths) were tested and the results indicated that the estimated PATH coefficient analysis is in congruence with the results obtained in the multiple regression analysis at the *p*-values less than 0.05 (see Table 5.22).

Hypothesis 1:

Ho: Factor 1 (TECHDYN & COLLATA) has no statistically significant influence on competitive growth.

Ha: Factor 1 (TECHDYN & COLLATA) has a statistically significant influence on competitive growth.

Hypothesis 2:

Ho: Factor 2 (SoB) has no statistically significant influence on competitive growth.

Ha: Factor 2 (SoB) has a statistically significant influence on competitive growth.

Hypothesis 3:

Ho: Factor 3 (FIA & COMPINT 1-2) has no statistically significant influence on competitive growth.

Ha: Factor 3 (FIA & COMPINT 1-2) has a statistically significant influence on competitive growth.

Hypothesis 4:

Ho: Factor 4 (Bbss & COMPINT 3-4) has no statistically significant influence on competitive growth.

Ha: Factor 4 (Bbss & COMPINT 3-4) has a statistically significant influence on competitive growth.

Hypothesis 5:

Ho: Factor 5 (MO1 to MO3 & MO7 to MO9) has no statistically significant influence on competitive growth.

Ha: Factor 5 (MO1 to MO3 & MO7 to MO9) has a statistically significant influence on competitive growth.

Hypothesis 6:

Ho: Factor 6 (MO10 to MO15) has no statistically significant influence on competitive growth.

Ha: Factor 6 (MO10 to MO15) has a statistically significant influence on competitive growth.

Hypothesis 7:

Ho: Factor 7 (EM) has no statistically significant influence on competitive growth.

Ha: Factor 7 (EM) has a statistically significant influence on competitive growth.

Hypothesis 8:

H₀: Factor 8 (MO4 to MO6) has no statistically significant influence on competitive growth.

H_a: Factor 8 (MO4 to MO6) has a statistically significant influence on competitive growth.

If the *p*-value is less than 0.05, H₀ is rejected, and the factor has a statistically significant influence on competitive growth.

Table 5.23: Structural equation modelling results (market-driven strategies and access to finance)

Path (hypotheses)	t -test	p-value	Results
F1 → Compgro	19.776	<0.001	F1 has a statistically significant influence on competitive growth
F2 → Compgro	-3.549	<0.001	F2 has a statistically significant influence on competitive growth
F3 → Compgro	-2.636	0.008	F3 has a statistically significant influence on competitive growth
F4 → Compgro	1.559	0.119	F4 does not have a statistically significant influence on competitive growth
F5 → Compgro	-1.311	0.190	F5 does not have a statistically significant influence on competitive growth
F6 → Compgro	-0.850	0.395	F6 does not have a statistically significant influence on competitive growth
F7 → Compgro	0.260	0.795	F7 does not have a statistically significant influence on competitive growth
F8 → Compgro	0.254	0.800	F8 does not have a statistically significant influence on competitive growth

Source: Researcher's own compilation

From the results, the conceptual framework of market-driven strategies and access to finance is considered to be partially acceptable and fits the data.

5.8.1 Discussion of the structural equation modelling results: Research question 4

Following the preceding analyses that determined if the conceptual framework of market-driven strategies and access to finance partially fit the data, Figure 5.2 and Table 5.21 first presented the structural equation model of market-driven strategies and access to finance grouped factors (Factors 1, 2, 3, 4, 5, 6, 7 and 8). The results indicated that the Confirmatory Factor Analysis values did not fall within the recommended thresholds parameters of GOF measures.

In Figure 5.3 and Table 5.22 the final structural equation modelling analysis estimated all the eight grouped factors of market-driven strategies and access to finance) on competitive growth. The results indicated that the equation model derived from the covariance estimates of all explanatory factors of market-driven strategies and access to finance on competitive growth were within the goodness-of-fit threshold, except for CMIN/DF, and the RMSEA that were slightly above the recommended levels. However, eight hypotheses (paths) were tested, and the results were in congruence with the regression analysis of market-driven strategies and access to finance (Table 5.23).

From the analyses, the researcher is of the opinion that the tenets of market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, structure of bank, bank and business support services and collateral requirement are key strategies of market-driven strategies and access to finance that are needed for market competition, and could possibly influence the competitive growth of SMEs, and this is in congruence with Tirfe's (2015) findings.

The results further suggest that the higher the level of market-driven strategies constructs of competitive intensity and technological dynamics, the more likely the effect of competitive intensity and technological dynamics that influences the enterprise's competitive growth (*vice versa*).

In the same vein, the less constraints SMEs face on access to finance (collateral requirement, financial information access and from structure of bank), the higher the likelihood for enterprises to attain competitive growth.

The results indicate that SMEs generally experience low levels of market-driven constructs and high constraints to adequate credits in their enterprises, which are the likely reasons they experience minimal competitive growth in Lesotho.

5.9 CHAPTER SUMMARY

This chapter provided detailed analysis on the demographic characteristics of respondents on data obtained from the surveyed districts which in general term was considered reasonable and representative of SMEs in Lesotho. The descriptive statistics provided clarity to the large volumes of data of market-driven strategies and access to finance in proportion that is in congruence to a typical Lesotho setting. The validity and reliability tests were used to ensure that measurement error was kept to a minimum and quality maintained. The correlation analysis explained the degree of association between variables. The multiple regression analysis established the level of relationship variables and their fit validity. Finally, the structural equation modelling was used to determine the extent the conceptual framework of market-driven strategies and access to finance fit the data.

The next chapter presents the summary of findings, conclusions and recommendations for further study.

CHAPTER 6:

CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

This chapter presents conclusions, limitations and recommendations. The aim of this study was to explore the influence of market-driven strategies and access to finance on the competitive growth of SMEs in selected districts of Lesotho.

6.2 CONCLUSIONS

6.2.1 Conclusions in terms of the literature review

In line with the literature review of the current study, entrepreneurship literature has been shown to focus more on SME growth in developed and developing economies. Despite this, the review of the entrepreneurship literature indicated that there has been less focus on SMEs and the challenges they face with regard to the market-driven strategic resources and some critical factors of access to finance, as catalysts which influence the significant positive operation of enterprises to ensure competitive growth.

In the study, these resources (market-driven strategies and access to finance) were established as having a critical influence on SMEs, more than on larger enterprises. This should be seen in conjunction with the low probability of SMEs undertaking effective market operations and business activities. It has been established that although many SMEs have significant operating potential, relatively few of them actually experience significant growth. These constraints have several specific impacts on SME growth; to such an extent that enterprises experience a lower degree of diversification, limited markets, and higher risks due to low capital and lack of operational strength.

While competitive growth is generally a prime objective of an SME, market-driven strategies and access to finance rapidly drive the enterprise's entrepreneur or manager's ability to adapt to new needs, establish closer contact with customers, and strategically position market resources purposefully (Aleksandr *et al.*, 2016). Adding to this phenomenon, the literature review of the study was in congruence with the constructs related to market-driven strategies (market orientation, entrepreneurial marketing, competitive intensity and technological dynamics) and the factors of access

to finance (financial information access, structure of bank, bank and business support services and collateral requirement) that do influence the SMEs' growth in both developed and developing economies.

Of further interest, this study unveiled and determined the extent to which the market-driven strategies and access to finance variables influence the SMEs' competitive growth. This is seen when SMEs possess high levels of market-driven strategies and access to finance, and in unison with the enterprise's operational resources. Chapter 5 of the study provided an extensive and detailed analysis of the aforementioned decisive relevant inquiries. The analysis showed that the challenges SMEs face are, to an extent, those specific to the factors of market-driven strategies and access to finance. The findings are in congruence with the models developed in the analysis chapter (Chapter five) and support the study's set objectives.

The main constituents of this chapter include: Section 6.2 that provides a summary of the results of the study, Section 6.3 that indicates the contribution of the study to entrepreneurship literature, Section 6.4 that provides conclusions to the study. The limitations of the study are outlined in Section 6.5, Section 6.6 makes recommendations, and Section 6.7 presents suggestions for future research.

6.2.2 Conclusions in terms of results of the study

The descriptive correlation analysis in Chapter 5 allowed decisive variables in the analysis to process and determine the appropriateness of all the research objectives. The analysis first adopted descriptive statistics as the statistical technique to describe and summarise the sets of numerical data. The measure fits most appropriately because it explained the intricacies around the resultant tendencies, which integrated and identified the proportion of the constructs market-driven strategies and access to finance on the competitive growth of SMEs. The factor analysis was used to measure and establish the interrelated factors that formed each construct in market-driven strategies and access to finance to answer Research questions 1 of the study. The results indicated that the factor loadings of the items were satisfactory for further analysis (see Tables 5.10 – 5.14 in Chapter 5).

The correlation analyses performed on the relevant factors indicated the associations and strength between decisive variables. The results from these analyses (market-driven strategies and access to finance factors) suggested Objective 2 was suitable for further use in the regression. The regression analysis for objective 3, market-driven

strategies and access to finance factors, were estimated and the results indicated that some factors in the model were positive and significant to SMEs' competitive growth. Having assessed the regression of the measures of the factors (market-driven strategies and access to finance), the analysis of the model fit on the data was presented using structural equation models (SEM) to meet Objective 4 of the study.

The SEM model established to what extent the grouped core market-driven strategies and access to finance constructs (market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, structure of bank, bank and business support services and collateral requirement) influence SMEs' competitive growth (See Figure 5.2 to Figure 5.3 & Tables 5.21 to Table 5.23).

The summary results related to the descriptive statistics were first presented and this was followed by the study's research objectives as stated in Chapter 1. The results related to the descriptive statistics were with the four constructs of market-driven strategies (market orientation, entrepreneurial marketing, competitive intensity and technological dynamics) that formed the predictors of competitive growth (COMPGRO) in the analysis. The results indicated that each the four independent variables of market-driven strategies play a significant role in the SMEs' positive and competitive operation.

The results suggest that the market orientation variable of market-driven strategies justifies the strategic resources that enable SMEs with the capacity to accrue new business ideas and enables the inclusion of strategic philosophy, which in a general premise, justifies the strategic ability of the enterprise's entrepreneur or manager to attain competitive growth. This study opines that market orientation is a positive and significant factor and driver of the enterprise's growth. The findings suggest that most of the SMEs lack the capacity to leverage the mechanisms of market orientation, as linked to customers, competitors and suppliers to effect business growth.

In the light of entrepreneurial marketing's positive factor on market-driven strategies, SMEs in Lesotho are unable to pursue effective entrepreneurial marketing practice. Business operations are unable to apply the market-driven strategies of delivering unique value to the target market, which will ultimately lead to superior entrepreneurial growth. With the application of entrepreneurial marketing, SMEs are able to react to, adjust, and adapt to the prevailing situations in the competitive entrepreneurial environment that ensure their adequate and competitive growth. This finding suggests

that the constraint of entrepreneurial marketing on SMEs affect their market growth in market competition.

As related to the competitive intensity influence on SMEs, the results suggest that the competitive intensity capability of enterprises' entrepreneurs or managers positively affects market-driven products. The analysis suggests that most SMEs face high market incapacities, which as such, deter them from meeting their target market preferences in the dynamic market. The analysis suggests that the inability of most SME entrepreneurs or managers to adjust to market dynamics is certainly one significant challenge that they face in effectively differentiating their products or services from other competitors to sustain their current customers and increase their market share.

The descriptive analysis of technological dynamics suggests that most enterprises lack the capacity to react, strive and adapt to competitive market processes, have no opportunity-driven innovation, and are unable to leverage resources to create a new value offering, or to better recognise and exploit new prospects that may create new markets through innovative technology. The result of the descriptive analysis suggests that most SME entrepreneurs or managers' lack the unique capabilities that could influence the enterprises' capacities towards the effective realisation of results in practice through technological dynamics.

The constraints that SMEs face in competitive growth with regards to the aforementioned market constructs could significantly be linked to their lack of access to finance in relation to attaining competitive growth.

Descriptive statistics were used with the four factors, financial information access, structure of bank, bank and business support services and collateral requirement that form the independent constructs of access to finance that are considered to influence the competitive growth of SMEs. The results established that the factors, financial information access, structure of bank, bank and business support services and collateral requirement explain SMEs' access to finance to enable them to attain competitive growth. The analysis suggests that access to credit is one of the major challenges that negatively influence the enterprises' strategic operations and practices, and this is consistent with the findings of Bhalla and Kaur (2012).

The categorisation of financial variables into the four constructs simplified the concept 'access to finance'. It was done in congruence with the informational and transactional cost problems as postulated by Stiglitz and Weiss (1981) and other theoretical, empirical and practical studies of various authors in the entrepreneurship literature. The constructs also summarised that the most significant institutional constraints to dynamic SMEs is the challenges of access to credit finance.

Firstly, the results of the descriptive analysis of financial information access showed that there is informational asymmetry, which explains that most SMEs lack the required and adequate information that might enable them access the needed credit finance from banks. The results unanimously indicated that there is perhaps enough proof that most banks are not adequately involved in awareness programmes aimed at SMEs. This is probably because banks want to control the access demand from SMEs. In some economies, government interventionist programmes use agencies as enabling channels through which SMEs can access finance. This suggests that, the results related to bank and business-supporting services (Bbss) showed that most SMEs see the government as not supportive enough in focusing on enabling resources or agencies that might allow enterprises to leverage the barriers to accessing the needed credit from the banks.

The results related to the structure of bank (SoB) measured the degree of regulatory regime and the level of competition in the banking sector that determine the cost of services and financial products to SMEs. The results indicated a high regulatory regime and low competition in the banking sector, and as such, it has perennially affected the cost of services and products offered by banks to SME borrowers. The result further indicated that the low competition amongst banks is an implication of the high regulatory regime that discourages new entrants from entering the financial market.

The results related to the collateral requirements by banks indicated that banks discriminate against most SMEs because of their inability to provide adequate and acceptable collateral deposits. The results proved that many banks use the collateral requirement as a measure to eliminate access demand from SMEs that they perceive as highly risky. As a consequence, it creates a hindrance, and disenfranchises many SMEs from access to the needed credit from banks.

Although the descriptive statistics provided clarity from large volumes of data, it did not settle uncertainties about the values obtained, other than indicating measurement errors. There was the need for further validity tests, since using the mean alone as indicator, does not imply that each of the four independent variables of market-driven strategies and access to finance have an influence on the competitive growth of SMEs.

It was necessary that the need to generalise findings requires that data be subjected to rigorous validity tests to help identify associations and to determine the cause behind each of the phenomena.

6.2.2.1 Research objective 1

- *To determine the structural factors and reliability of the relevant variables of market-driven strategies and access to finance of SMEs in the selected districts of Lesotho.*

Factor analysis was used to measure and establish the interrelated items that formed a construct to answer Research question 1 of this study. To ensure that the result reflects the underlying constructs of market-driven strategies and access to finance, the researcher combined both sub-samples that sought to determine the association between market-driven strategies and access to finance on competitive growth of SMEs.

For market-driven strategies analysis and access to finance, the exploratory factor analysis explored eight factors, namely, market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, structure of bank, bank and business support services and collateral requirement as the factors that best represented the sample data. All measured factors were related and some regrouped to form a factor loading estimate for market-driven strategies and access to finance. This was a distinctive characteristic of the exploratory factor analysis that ensured that factor in market-driven strategies and access to finance was only derived from the statistical results, not from the theory.

From the results, the KMO and Bartlett's test of sphericity indicated that the data of market-driven strategies and access to finance was suitable for factor analysis. The derived KMO value of 0.847 was meritorious (acceptable), which revealed the appropriateness of the data's suitability. The *p*-value of Bartlett's test of sphericity was

less than 0.05, indicating that there was evidence that dimension reduction can be done.

The summary of communalities defined the proportion of variance that a factor shares with all the other factor measured in the analysis. With regards to market-driven strategies and access to finance, 41 items were extracted, and the amount of variance accounted for by the common factor was greater than 0.3. This suggests that each of the items fit well with other items that share communalities (see Table 5.11).

The total variance explained for market-driven strategies and access to finance indicated the number of factors to retain for possible rotation and analysis. Table 5.12 shows the extraction statistics. The analysis employed the latent root criterion with a cut-off value of 1.0 for the eigenvalue, and eight factors were retained for further analysis. Factor 8 was the cut-off because of the low eigenvalue from factor 9, and this was probably to maintain comparability with the principal component analysis (PCA). Table 5.12 indicated that eight factors were retained for further analysis, having employed the latent root criterion with a cut-off value of 1.0 for the eigenvalue. The total variance explained for market-driven strategies and access to finance factors simply explained that in principal component analysis only the 'common' or shared variance is utilised. From the results, the analyses suggested that the total variance explained for market-driven strategies and access to finance in Table 5.12 satisfied the principal component analysis for further analysis.

As shown in Table 5.12, the eigenvalues for the extracted factors of market-driven strategies and access to finance still supported eight constructs, because the percentage of the total variance explained was still 62%. The scree plots support the eight factors of market-driven strategies and access to finance, which maintain comparability with the component analysis.

To decide which rotation to use for the exploratory factor analysis, the component correlation matrix was first run for the market-driven strategies and access to finance factors. Since eight factors were extracted for market-driven strategies and access to finance for further analysis, the component correlation matrix indicated that none of the correlations were less than -0.5 or greater than +0.5 for the market-driven strategies and access to finance factors. This suggested that the principal component analysis would be run using the Varimax rotation for market-driven strategies and access to finance factors.

The rotated component matrix from the Varimax rotation of market-driven strategies and access to finance showed remarkable similarity with the total variance explained for the eight factors in Table 5.12. The results of the rotated component matrix of factors, market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, structure of bank, bank and business support services and collateral requirement, all produced a construct that had a minimum of three significant loadings. The following extraction method was used: Principal component analysis; Rotation method: Varimax with Kaiser Normalization (see Table 5.14).

In determining the reliability of relevant variables after running Cronbach's alpha and exploratory factor analysis, the results indicated eight factors of market-driven strategies and access to finance (F1= TECHDYN & COLLATA, F2 = SoB, F3 = FIA & COMPINT 1-2, F4 = Bbss & COMPINT 3-4, F5 = MO 1 to MO3 & MO7 to MO9, F6 = MO 10 to MO15, F7 = EM and F8 = MO 4 to MO 6) for technological dynamics, competitive intensity, entrepreneurial marketing, market orientation, structure of bank, collateral requirement, financial information access and bank and business support services with Cronbach's alphas all significant for this study. Since this is an exploratory study, the Cronbach's alpha values for market-driven strategies and access to finance were in consonant with Hair *et al.*'s (2014) proposition.

6.2.2.2 Research objective 2

- *To determine the interrelationship between market-driven strategies, access to finance and competitive growth of SMEs in selected districts in Lesotho.*

The value of significance used for all tests in the correlation is 0.05, that is, a 5% level of significance. As a result, all *p*-value are compared to 0.05. First, the test for normality was done to obtain the Kolmogorov-Smirnov and Shapiro-Wilk test statistics along with their corresponding *p*-values. The test indicated that none of the *p*-values are greater than 0.05, which means the results did not have normality. This allowed the nonparametric Spearman correlation to be used. The Spearman correlation analysis of the market-driven strategies and access to finance constructs revealed that there was a positive association amongst factors, for example, market orientation and entrepreneurial marketing (related); and competitive intensity and technological dynamics (related). The analysis indicated a positive and significant correlation between the market-driven strategies factors, competitive intensity and financial

information access, bank and business support services, structure of bank and collateral requirement (related), and each associated with competitive growth (related). The analysis also indicated that, technological dynamics was significantly associated with financial information access, bank and business support services, structure of bank and collateral requirement (related), and each of the correlations to competitive growth was highly related.

Financial information access was significantly correlated to each of bank and business support services, structure of bank and collateral requirement (related), and each of the associations with competitive growth was highly related. In the analysis, bank and business support services and structure of bank; bank and business support services and collateral requirement; and structure of bank and collateral requirement were moderately associated, and moderately related to competitive growth.

The results indicate a high and moderate relationship between the predictor factors (competitive intensity, technological dynamics, financial information access, structure of bank, bank and business support services and collateral requirement) and competitive growth. Firstly, from the association analysis (see Table 5.17), the findings justified that these strategic resources (competitive intensity and technological dynamics) enable SMEs to accrue new techniques, and the inclusion of strategic perspectives which, in a general scenario, justify the strategic capacity of the SME to attain a level of competitive growth in the enterprise. Secondly, for the predictor factors of financial information access, structure of bank, bank and business support services and collateral requirement to competitive growth, the results suggested that the SMEs' access to finance in Lesotho is significantly linked to the relationship between the aforementioned factors to potentially gear enterprises for competitive growth.

The results further suggested that the competitiveness of the Lesotho banking system perhaps does not rely on the actual market structure but on the regulatory regime of the country, as previously mentioned. The results indicate that the low competition among the three main banks in Lesotho affects the cost of financial products and services, and most SMEs are denied access to finance.

For further robust analysis to determine the strength of association among the constructs that defined the dependent variable (competitive growth) for the purposes of Objective 3, regression analysis was adopted.

6.2.2.3 Research objective 3

- *To determine the extent market-driven strategies and access to finance predict the competitive growth of SMEs in the selected districts of Lesotho.*

The results from the regression analysis from various techniques adopted for market-driven strategies and access to finance, such as model summary, ANOVA and standardised coefficient, indicated that competitive intensity, technological dynamics, financial information access and collateral requirement showed a significant influence on the competitive growth of SMEs. Firstly, the analysis suggested that the relationship between competitive intensity and competitive growth for all SMEs in Lesotho is significant enough to influence the enterprises' striving to react and adapt to the competitive intensity processes. This suggests that, the unique performance of SMEs in Lesotho will largely be influenced by the competencies and market competitive capability of the entrepreneurs or managers of the SMEs, and the successive efficacious results of their realisation in practice. The results also indicated that the competitive intensity capabilities of SME entrepreneurs and managers can drive the enterprises' strategic capabilities to achieve growth.

Secondly, the results showed that technological dynamics and competitive growth were highly and significantly related, indicating that the nexus enhances the functional capabilities for entrepreneurs and managers to solve the enterprises' market problems and to synergistically attain competitive advantage in Lesotho's business environment. This further denotes that the competitive performance of SMEs in Lesotho is significantly linked to technological dynamics in relation to the enterprises being potentially strategically geared for competitive growth.

This perspective is consistent with the findings of Komppula (2014) and Setiowati *et al.* (2015) that the competencies of entrepreneurs or managers of SMEs to drive market-driven capabilities is one of the functional capabilities designed to solve enterprises' marketing problems and synergistically combine to give the SME a competitive advantage through technological dynamic capacities in the business environment.

The evidence indicates that most SMEs have lower technological dynamics capacities than are needed to enable their enterprises to attain competitive growth. The finding of the current research study is consistent with the theory, as it proves the influence of technological dynamic strategies to guarantee entrepreneurs or managers' ability

to formulate and implement strategies that could influence the competitive growth of SMEs in the competitive market.

The analysis revealed that with the competitive intensity and technological dynamics influence on market-driven strategies, SMEs in Lesotho are likely to be effective, if they pursue the effective entrepreneurial practices that are inherent in market-driven strategies to deliver unique value to the target market, which in turn, will precipitate positive and significant entrepreneurial competitive growth.

The statistical significance of competitive intensity and technological dynamics in the analysis suggested three key areas of interface that are likely to influence the strategic operation of the SME, namely, they are change focused; opportunistic in nature that proactively leverage innovation by SMEs in pursuit of competitive growth; and the innovative approach to the enterprise's management. The central focus of this interface is that SMEs in Lesotho should continuously identify unperceived needs and develop competitive strategies, innovative technological capacity and market-oriented strategies to satisfy their business needs.

Thirdly, the analysis suggested that the relationship between financial information access and competitive growth for all SMEs in Lesotho is a significant constraint to enterprises access to needed credit from bank to strive and to attain competitive growth.

Fourthly, the results showed that collateral requirement and competitive growth were highly and significantly related, indicating that it is a significant factor that constrain SMEs access to finance in enhancing their functional capabilities to solve the enterprises' market problems and to synergistically attain competitive growth in Lesotho's business environment.

The significant column summarily showed that the competitive intensity, technological dynamics, financial information access and collateral requirement variables make a positive and unique statistically significant contribution influence (at $p < 0.05$) to the competitive growth of SMEs in Lesotho. In order of importance (according to their beta values) were the factors technological dynamics, collateral requirement, competitive intensity and financial information access, while market orientation and structure of bank did not make a unique positive contribution to SMEs' competitive growth (see Table 5.20).

This suggests that the market orientation understanding and practice in most Basotho enterprises is below the capacity needed to drive the competitive growth of SMEs. The negative magnitude of the structure of bank suggests its unlikely influence on SMEs access to finance in the selected districts of Lesotho.

The results of the financial information access and collateral requirement further showed that a significant proportion of loan applicants to banks failed to get finance, the relationship between financial information access and collateral requirement could serve as one of the answers to the reasons for the wide differences among SMEs who fail to gain access to finance on application (see Table 5.20).

Table 5.20 indicated that the tolerance values for the eight variables (market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, structure of bank, bank and business support services and collateral) did not exceed the 10% cut-off point. The VIF values for each variable in the model for market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, structure of bank, bank and business support services and collateral requirement were all below the cut-off value of 10. The results suggested low multicollinearity, which implies that multicollinearity assumptions have not been violated (as presented in Table 5.20).

To summarise, the regression analysis of market-driven strategies and access to finance is considered to predict competitive growth of SMEs in the selected districts of Lesotho.

6.2.2.4 Research objective 4

- *To determine if there is a good fit between the theoretically hypothesised framework and the empirically manifested structural model.*

Having assessed the regression analysis of the measures, the analysis of fit through structural equation modelling was adopted for findings that are more robust. Accordingly, Figure 5.2 and Table 5.21 first presented the Confirmatory factor Analysis for the complete theoretical model of market-driven strategies and access to finance factors, and indicated variables with a significant structural relationship with the factors of market-driven strategies and access to finance and their path coefficients (F1= TECHDYN & COLLATA, F2 = SoB, F3 = FIA & COMPINT 1-2, F4 = Bbss & COMPINT 3-4, F5 = MO 1 to MO3 & MO7 to MO9, F6 = MO 10 to MO15, F7 = EM and F8 = MO

4 to MO 6). The results obtained indicated that the threshold of the fit indices concurred with the recommendations of Chen *et al.* (2012) and Hair *et al.* (2014). This suggests that all values obtained from the Confirmatory Factor Analysis of the complete theoretical model of market-driven strategies and access to finance were all within the recommended parameters of goodness-of-fit (GOF) measures. It was considered that the results obtained in the summary of the statistics of the complete theoretical model of market-driven strategies and access to finance are acceptable (see Table 5.22).

The summary results of the final structural equation modelling statistics of the complete theoretical model of market-driven strategies and access to finance suggests that all goodness-of-fit measures, such as CFI, GFI, AGFI, NFI, TLI, PGFI and PNFI were all within the recommended levels, except the CMIN/DF and the RMSEA that are slightly above the recommended level. From the analysis the measures are considered acceptable and the conceptualised model of market-driven strategies and access to finance fits the data analysis (see Table 5.23).

To summarise, the model results of market-driven strategies and access to finance suggest that for SMEs to attain strategic and competitive growth in an uncertain market, such as in Lesotho, a greater number and range of resources are required by the enterprise for entrepreneurial opportunities. From the result, it could be concluded that strategic options relating to the influence and synergy of/or amongst technological dynamics and collateral requirement, structure of bank, financial information access and competitive intensity are necessary to drive SMEs, and to enable them to achieve significant competitive growth. The results suggest that the market-driven strategies and access to finance factors in SMEs can be of greater influence to the SMEs' competitive growth in markets characterised by high levels of market responsiveness and dynamics, such as in the case of Lesotho.

This could be a factor if the entrepreneurs and managers SMEs possess competitive intensity capabilities, and are technologically dynamic strategic in applying the new-to-market products/services to their target market, and consequently, have adequate access to financial information, less constraints from the structure of bank bank and suffer from fewer constraints with regards to the collateral requirements of banks.

6.2.3 Conclusion of the results of the study

This study concludes that market-driven strategies and access to finance offer a positive and significant potential means to stimulate and enhance the operational

performance, productivity and growth of SMEs in Lesotho. Firstly, the findings presented the results obtained from the descriptive analysis, followed by the results from the structural factors and the reliability of the relevant variables. This was followed by the analysis of the association between the eight independent variables of market-driven strategies and access to finance (market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, bank and business support services, structure of bank, and collateral requirement) that influence SMEs' competitive growth.

The results from the regression suggest that market-driven strategies and access to finance resources (competitive intensity, technological dynamics, financial information access and collateral requirement) act as drivers that enable enterprises with the capacity to accumulate new knowledge, and to include a strategic perspective, which in a broad sense, justifies the strategic capability of the enterprise's entrepreneur and manager's to attain competitive growth.

The structural equation modelling further indicated that the 8 grouped factors (F1= TECHDYN & COLLATA, F2 = SoB, F3 = FIA & COMPINT 1-2, F4 = Bbss & COMPINT 3-4, F5 = MO 1 to MO3 & MO7 to MO9, F6 = MO 10 to MO15, F7 = EM and F8 = MO 4 to MO 6) of market orientation, entrepreneurial marketing, competitive intensity, technological dynamics, financial information access, bank and business support services, structure of bank, and collateral requirement indicated that Factors 1, 2 and 3 are positive and significant influence to SMEs competitive growth in Lesotho.

The results also suggest that the Lesotho SME entrepreneurs' and managers' ability to proactively react to market dynamics may enable the enterprises capacity to attain competitive growth. This suggests that, the SME needs to define and communicate product value to the target market at every phase of the life cycle. The indices used to determine the model fit showed that the model was suitable and satisfactory, and it fit the data analysis. The findings of the study suggest that cultivating and operating with market-driven strategies and access to finance (competitive intensity, technological dynamics, financial information access and collateral requirement) may indeed constitute one of the main channels for attaining and maintaining SME competitive growth in the entrepreneurship literature.

Market-driven strategies and access to finance are influences and market resources that enable the SME to compete in the market, that drive the enterprise's expansion

capacity and that help to strike linkages with larger enterprises. In the study eight independent variables were used to describe market-driven strategies and access to finance. In the analysis, the results showed that Lesotho SMEs lack adequate technological dynamics and competitive intensity, and do not have access to adequate financial information due to a high system regulatory structure of banks, such hampers the SMEs' capacity to attain competitive growth.

The results also indicate that the majority of SMEs face high collateral requirement constraints, to such an extent that they have to provide house, lease of land, and other financial property as security to reduce the moral hazard. The findings indicate that the collateral requirements by banks create disincentives among SMEs, as banks in Lesotho also require more information from applicants to evaluate the potential risks before considering loan applications.

In more explicit terms, the collateral requirement and financial information access variables make a positive and unique statistically significant contribution (at $p < 0.05$) to the competitive growth of SMEs (according to their beta values, t -calculated, p -values and VIF values, as per Table 5.20).

Given the unique terms in this study, the market-driven strategies and access to finance of an SME is indeed one of the primary means by which an SME can attain and maintain competitive growth in Lesotho. This suggests that SMEs are unlikely to achieve competitive growth by being solely strategically market-driven without having access to finance. The findings suggest the complementarity of both constructs in the study. This, therefore, implies that both resources are necessary resource options for SMEs to attain a competitive operation and growth in Lesotho.

6.3 CONTRIBUTION OF THE STUDY

Following from the problem statement to the analysis of this study, the evidence suggests that this study contributes at three levels to the entrepreneurship literature, namely, the theoretical, empirical and managerial levels.

6.3.1 Contribution to the literature review

Theoretically, this study contributes to the existing entrepreneurship literature because it evaluated the core market constructs and factors of access to finance that influence competitive growth in SMEs. This was done by incorporating additional

constructs/factors that many studies either have not considered, or that might have been tested discretely in previous research studies.

1. Gibrat's law of growth (stochastic) argued that various factors influence enterprise's growth and that such growth occurs by chance. The proposition of Gibrat's law was not specific to factors that could influence the enterprise's growth. The findings of this study confirmed that SME entrepreneurs or managers are likely to attain competitive growth with technological dynamics (42.5%) and competitive intensity (15.4%) capabilities in the enterprises.
2. The positioning school model and RBV believe that accessing enabling resources could influence the enterprise's position and competitive growth. This study's findings were specific to the market-driven strategic factors of competitive intensity and the technological dynamic capabilities of the entrepreneur or manager that could influence the SME's competitive growth.
3. The CBV broadly indicated that the enterprise's growth is influenced by heterogeneous market resources. This study argues that these heterogeneous market resources could be specific to market-driven strategic (market orientation, entrepreneurial marketing, competitive intensity and technological dynamics) factors. The findings indicated that the specific market-driven strategies of competitive intensity and technological dynamics influence SME competitive growth in Lesotho. The results provided the understanding that for SME entrepreneurs and managers to be strategically market-driven, they must rely on the mechanisms of acquisition and leveraging of competitive intensity and technological dynamic strategies that are linked to customers' dynamic preferences and tastes, and competitors and suppliers, to effect enterprises competitive growth.
4. The credit rationing theory was specific to the asymmetric informational and agency problem as the basis that regulates the financial market's (banks') behaviour in granting loans to applicants (SMEs). The theory (credit rationing) has provided scant information on access to finance factors specific to financial information access, structure of bank and collateral requirement that constrain SMEs' access to finance to attain competitive growth. The findings indicated that financial information access and collateral requirement are a significant constraint to SMEs' access to finance that affects their capacity to attain competitive growth. In the results, the financial information access and

collateral requirement factors make a positive and unique statistically significant contribution to the SMEs' access to finance that influences the enterprise's competitive growth. The results appear useful for making predictions, as the factors (financial information access and collateral requirement) showed the significant level of the predictor factors' influence on SMEs' competitive growth.

As an extension of Gibrat's law of growth (1931), RBV (Penrose, 1959), CBV (Freiling, 2004) and the credit rationing theory on resources which drive growth in enterprises, the findings of this study showed that the complementarity of the market-driven strategies and access to finance factors influence SMEs' competitive growth. The association of the two components of market-driven strategies (competitive intensity and technological dynamics) reveal that the joint implementation with access to finance factors (financial information access, structure of bank and collateral requirement) enhance the enterprise's operational performance to attain competitive growth. This is because the influence of market-driven strategies and access to finance would support the formulation of a suitable model that could assist entrepreneurs or managers in terms of future entrepreneurial ventures in Lesotho.

6.3.2 Contribution to empirical research

Empirically, the findings of this study provide new insight into the influence of market-driven strategies and access to finance that may be used to measure the level of competitive growth of SMEs in Lesotho. The findings indicated the constructs of market-driven strategies and access to finance that could drive the effective performance and competitive growth of enterprises.

1. Firstly, the proposed model of market-driven strategies and access to finance established the extent to which the grouped constructs (technological dynamics and collateral requirement) influence SMEs' competitive growth. The results indicated that technological dynamics and collateral requirement have a positive and significant influence on SMEs' competitive growth. This finding makes a new contribution to entrepreneurship literature, and adds valuable insight and understanding to entrepreneurship and strategic research.
2. The empirically-tested factors (structure of bank) of access to finance which influence SMEs' competitive growth.

3. The results also indicated that the grouped financial information access and competitive intensity are critical factors that positively and significantly influence the enterprise's access to credit funds and competitive operation in order to attain competitive growth.
4. As indicated above, the empirical findings showed that market-driven strategies and access to finance play a valuable role in driving SMEs' competitive growth. This suggests to entrepreneurs and managers that to attain a competitive operation, the enterprise requires the combined resources, market-driven strategies and access to finance, as strategic constructs for SME growth. As noted, there is a scarcity of empirical studies relating to market-driven strategies and SME access to finance (complementarity of constructs) which drives some degree of competitive growth, as relevant to this study, especially within the Lesotho context.

Figure 6.1 below presents the final framework (market-driven strategies and access to finance factors influence on competitive growth of SMEs) of the results of the current study.

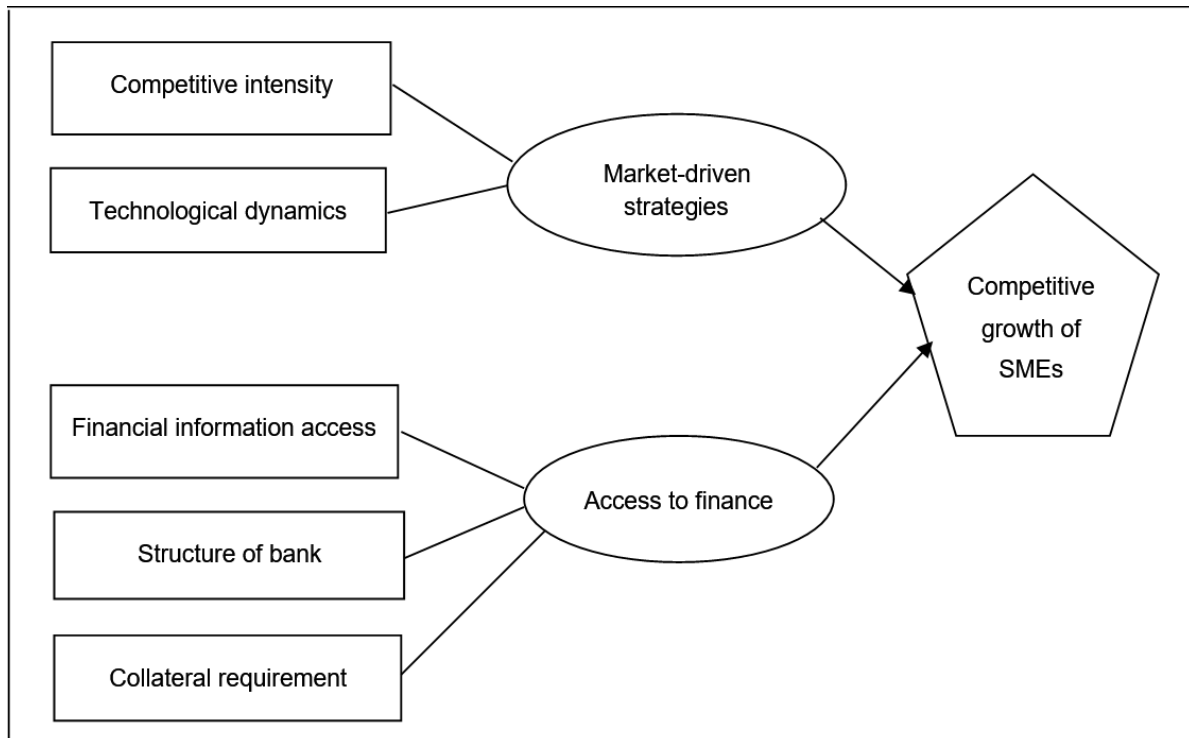


Figure 6.1: Final framework of the results of the study

Source: Researcher's own compilation, 2020

6.3.3 Contribution to practical SME operations

The findings of this study are important and useful because they identified, among others, the relationship between the constructs market-driven strategies and access to finance which influence SMEs' competitive growth.

1. SME entrepreneurs and managers can be informed about the core constructs that inform market-driven strategies practices in the enterprise. Of specific importance are the constructs competitive intensity and technological dynamics which significantly influence SMEs' competitive growth. The knowledge of these resources (competitive intensity and technological dynamics) provide SME entrepreneurs and managers with a better understanding of the necessity of creating superior customer value through competitive intensity and technological dynamic capabilities, which can constitute a set of capabilities for the entrepreneurs and managers in adopting the market-driven strategic phenomena.
2. Entrepreneurs and managers can be informed about the critical factors (collateral requirement and financial information access) that influence SMEs' access to the needed finance from banks, and consequently, influence the enterprises' competitive growth in a developing economy like Lesotho.
3. This empirical study should assist entrepreneurs and managers of SMEs, policy-makers on entrepreneurship, as well as educators in the field of marketing and entrepreneurship, with updated information on marketing and entrepreneurship practice. It will inform practitioners and stakeholders of the efficacy of the complementary role that market-driven strategies and access to finance can play in driving SMEs' competitive growth. They should benefit from the in-depth understanding, which explains how market-driven strategies develop in the enterprise, and how it is influenced by key factors (competitive intensity and technological dynamics) in the enterprises, while taking cognisance and implementing the market-driven strategic concepts necessary to drive SME growth. The findings of this study should assist entrepreneurship stakeholders with the reactive and proactive capabilities needed to satisfy their target market on a continuous basis by incorporating the necessary resources to attain and sustain their market in a developing economy, such as in Lesotho.
4. This study could help unveil the frustrations many entrepreneurs and managers of SMEs face in terms of issues relating to the market-driven strategies and

access to finance concept that are anchored on important constructs like competitive intensity and technological dynamics, and factors of access to finance (collateral requirement and financial information access) to explain the important resource dimensions that drive the performance and growth of the SMEs. This study should inform entrepreneurs and managers of SMEs to a better perspective and understanding of the importance of the market-driven strategies and access to finance factors as competitive tools to set their enterprises on a competitive platform and assist them with the capability to outperform rivals. The phenomena of market-driven strategies and access to finance are a necessity for Lesotho, due to the ever-changing market environment, which requires that target market to be served with superior value of products or services, and with each customer being the most relevant and focal reference of the entrepreneur or manager in the SMEs.

To summarise, in line with the aim, set objectives and various models adopted in this study, the analysis critically addressed all concerns. This study emphasises that for entrepreneurs and managers of SMEs to survive and stay competitive in the current dynamic business era, there is the need to engage in proactive market activities (market-driven strategies and access to finance) that are continuous, responsive and superior in the marketplace of Lesotho, hence, the exceptionality of the study.

6.4 LIMITATIONS OF THE STUDY

In determining the influence of market-driven strategies and access to finance on the competitive growth of SMEs in Lesotho, the study made use of primary quantitative data collected from selected districts (Butha-Buthe, Leribe, Mafeteng and Maseru) of Lesotho. The following limitations were identified in this research study.

The first limitation suggests that the current study was focused on the SMEs in only four of the ten districts that make up Lesotho. The study focused on SMEs operated by Basotho and other African nationals. The focus in the selected districts excluded other nationals from other continents (Chinese and Indian shop owners from Asia) that are facing similar challenges related to market-driven strategies and access to finance. For more robust findings, it may be useful to carry out a similar study across the ten districts that focuses on all SMEs, irrespective of the nationality of the entrepreneur, to see if the same result would be replicated in Lesotho.

Secondly, the enterprises included in the study were those that fall under the categories of small and medium enterprises, which constituted 18% of the total Micro, Small and Medium enterprises sector in Lesotho (GoL, 2016:11). Micro enterprises that form the bulk in the category (82%) of the MSME sector were not included, perhaps because most of them are not registered with the Ministry of Small Business Development, Cooperatives and Marketing (as discussed in Section 1.7). As a result, the findings may not be generalised to micro enterprises in Lesotho.

Thirdly, after running the Cronbach's alpha and exploratory factor analysis tests combined, factors 5, 6 and 8 of all items of market orientation were below the threshold of 0.7 (see Table 5.15). Although when items 1 to 12 of the 15 items of market orientation were combined the Cronbach's alpha of 0.771 was obtained, but was not used because the factor analysis test determined the factor loading which was used in the analysis. This may have caused some of the market orientation items to have an insignificant influence on competitive growth.

6.5 RECOMMENDATIONS OF THE STUDY

Based on the literature and the empirical analysis, the following recommendations are outlined for stakeholders of entrepreneurship practice.

SMEs need to possess adequate competitive intensity capacity in the market to be able to identify and exploit competitive market opportunities. This will enable SME entrepreneurs or managers with the capability to be equipped with business knowledge that is not restricted to a definite archetype, but that allows paradigm shifts to facilitate the enterprise's operational capacity.

SME entrepreneurs could consider the competitive intensity facets that focus in differentiation strategies and strategic stakes in customer preferences, such that will enable them to jointly implement new ideas that create value, and that focus on creating, building and exploring the novel marketing processes needed in the dynamic business environment.

The findings suggest the need to invest in the technological dynamic capability of the SME entrepreneurs or managers, which could influence their capabilities to strategically manoeuvre technological modifications to suit the entrepreneurial configuration of the enterprise, and to improve the degree of market-driven strategic goals of the SME on a regular basis.

The results suggest the benefits of investing in technological dynamic resources that could serve as a means for enterprises to deliver unique offerings to their target market. This is because investing in the technological dynamic capacity of the enterprise could further influence the SMEs' skills relating to unique tactics, and be able to articulate processes to introduce innovative products to the market, and introduce systematic marketing tactics that may facilitate the SMEs' market-driven strategies to attain competitive growth.

Banks may consider implementing an improved campaign related to borrowers' information and knowledge to ease the problems of asymmetric information in the financial market. This suggests that banks should make efforts to provide SMEs with better information with regards to the various sources of available financial products and services. Such a policy will promote actions that encourage more financing initiatives and marketing communication campaigns that may be effective and continuous in both urban and rural SMEs in Lesotho.

Policies on financial information programmes should be directed towards SMEs in the urban and rural areas of Lesotho that face difficulties in accessing the needed financial information due to issues related to a lack of securable assets, stringent eligibility criteria, gaps in the knowledge about lending criteria, constraints in finding out about available finance, and bureaucracy. Information on eligibility requirements should also be made more flexible to enable more SMEs to have access and qualify for the needed credit.

Information on policy actions should place greater emphasis on facilitating equity funds for SMEs, because equity funds provide a basis for further borrowing. With such adequate financial information access SMEs are able to access finance which may influence their financial capability to attain growth.

This study, therefore, recommends that collateral requirements by banks should be harmonised to allow SMEs the credit required to access loans. In the same vein, the Lesotho government may consider reviewing their strict financial regulations to allow a new generation of banks to enter the market which, as such, could promote high competition in the banking sector.

Policy actions in SMEs should consider and pursue enabling market resources that will enable the enterprises to engage in activities that are strategically market-driven

(competitive intensity and technological dynamics), and as a result, make the SME more attractive to the financial market in terms of loans.

In view of the findings of this study that shed some light on the influence of the market-driven strategic (market orientation, entrepreneurial marketing, competitive intensity and technological dynamics) resources and access to finance (financial information access, structure of bank, bank and business support services and collateral requirement) factors, where SMEs need to attain competitive growth in a dynamic market environment, the following recommendations are made for future research:

1. An explorative study could be extended to the other six districts in Lesotho, even though there are fewer SMEs than in the four districts surveyed. The reason is to see whether a robust outcome would be obtained. This is based on the significant role the SME sector plays in the economic growth of Lesotho.
2. A future study could be carried out to investigate the effect of market-driven strategies, access to finance, and competitive growth of SMEs, using the mediation analysis. The reason is to find out if the relationship between market-driven strategies and SMEs' competitive growth is mediated by access to finance.
3. The findings of this research indicate that the complementarity of the market-driven strategies of SMEs and access to finance have a significant effect, and influence the SMEs' competitive growth in the selected districts of Lesotho. Future research could repeat this study in other countries in the Southern Africa Development Community (SADC) region to see the extent that the nexus of market-driven strategies and access to finance influence SMEs' competitive growth.
4. Future research could focus on investigating the extent of entrepreneurial marketing's influence on the SMEs' capacity to achieve the gains of market-driven strategies in the ten districts of Lesotho. This is because the findings of the study indicated that entrepreneurial marketing does not influence SMEs competitive growth in the selected districts of Lesotho. This is to see if entrepreneurial marketing practices that seem to be peculiar to SMEs' operations have a positive influence on the competitive growth of SMEs.
5. Future investigation is needed to investigate the influence of bank and business support services on the SMEs' capacity to attain growth in the ten districts of Lesotho. The reason is to see if higher samples related to bank and business support services influence SMEs' access to finance to attain growth.

6. For future researchers, this study suggests the need to invest in and apply the competitive intensity concept because the findings suggest that it provides an effective mechanism for SME entrepreneurs and managers to adopt the capabilities that are necessary in building a strong business bond that uniquely effects and exhibits the needed behaviour towards creating superior value for customers.
7. Future studies may investigate the need to invest in the technological dynamic concept for SMEs' capacity to improve the enterprise's competitiveness through technological responses, since the technological dynamic approach relies highly on a market response that is more radical, customer-focused and service-oriented, and that is a requisite for SMEs to attain competitive growth.
8. In a bid to harmonise further research, a qualitative method or mixed methods approach may be adopted, and as such, may help to support the findings from the quantitative approach. Although the quantitative approach may be limited by the type of data collection, the qualitative approach may be utilised complementarily to allow for increased understanding in the research area.

This research study can conclude that, if all things remain constant, SMEs' aforementioned market-driven strategic resources and access to finance resources can be considered as joint key enabling resources to drive significant competitive growth in enterprises in Lesotho.

6.6 CHAPTER SUMMARY

The chapter presented the conclusions of the study's findings and remarked on how the research objectives were realised. The contribution of the study to the entrepreneurship literature, empirical and practical practice was highlighted. The limitations of the study were highlighted, recommendations for practice and future research interest for SMEs and stakeholders eager to enhance the competitive growth of enterprises in a dynamic competitive business environment were also presented.

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APPENDIX A: ETHICAL CLEARANCE



FINANCE, RISK MANAGEMENT & BANKING RESEARCH ETHICS REVIEW COMMITTEE

03 OCTOBER 2017

Dear Mr Amadasun

Ref #: 2017/CEMS/DFRB/014
Name of applicant: Mr Amadasun D
Student #: 57639973
Supervisor: Prof Mutezo A
Staff #: 90053583

Decision: Ethics Approval

Name: Mr D Amadasun, edesamas@yahoo.com

Supervisor: Prof A Mutezo, muteza@unisa.ac.za, 012 429 4595

Proposal: Determine market- Driven strategies of small and medium enterprises on accessing finance in selected districts of Lesotho

Qualification: PHD

Thank you for the application for research ethics clearance by the Department of Finance, Risk Management and Banking Research Ethics Review Committee for the above mentioned research. Final approval is granted for the duration of the project.

For full approval: The application was reviewed in compliance with the Unisa Policy on Research Ethics by the DFRB RERC 03 October 2017.

The proposed research may now commence with the proviso that:

- 1) The researcher/s will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
- 2) Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study, as well as changes in the methodology, should be communicated in writing to the department of Finance, Risk Management and Banking Ethics Review Committee. An amended application could be requested if there are substantial changes from the existing proposal,

University of South Africa
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especially if those changes affect any of the study-related risks for the research participants.

- 3) The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study.

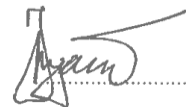
Note:

The reference number 2017/CEMS/DFRB/014 should be clearly indicated on all forms of communication [e.g. Webmail, E-mail messages, letters] with the intended research participants, as well as with the [DFRB] RERC.

Kind regards,



Mr Gerhard Grebe
Chairperson: DFRB Research Ethics Review Committee
0124296723/grebegpm@unisa.ac.za



Prof Thomas Mogale
Executive Dean: CEMS

APPENDIX B: PERMISSION LETTERS

1. REQUEST FOR PERMISSION TO SURVEY ON SMEs IN 4 DISTRICTS OF LESOTHO

14 August 2017



The Director
Ministry of Small Business Development
Cooperatives and Marketing
Maseru
Sir/ Madam

Re: Letter of permission to carry out a survey on SMEs in 4 districts of Lesotho

I, Mr Donald O.E Amadasun am doing research in the Department of Entrepreneurship, Supply, Chain, Transport and Logistic Management towards a PhD. Degree at the University of South Africa. I write to request a letter from your ministry to allow me carry out a survey in the 4 four districts (Botha-Bothe, Leribe, Mafeteng and Maseru) of Lesotho towards the study entitled: **"The Influence of Market-driven Strategies and Access to finance on competitive growth of Small and Medium Enterprises in Selected Districts of Lesotho"**

The aim of the survey is to investigate the influence of market-driven strategies and access to finance on the competitive growth of SMEs in Lesotho. Although the government has made some strategic moves to empower SMEs for example, the establishment of a One-Stop Business Facilitation Centre (OBFC), the new Ministry of Small Business Development, Cooperative and Marketing and the Basotho Enterprise Development Cooperative (BEDCO). Ironically, the capacity building that should aim at market-driven capability for small Basotho entrepreneurs is omitted and even in the current Lesotho National Strategic Development Plan of 2012/13 – 2016/17. Similarly, there is the lack of a clear understanding by entrepreneurs of SMEs on market-driven constructs and access to finance and this is likely the consequence of the high rate failure of SMEs in Lesotho. The study therefore will involve a survey questionnaire which will focus on the problems and challenges that SMEs located in the four districts (Butha-Buthe, Leribe, Mafeteng and Maseru) experience.

All data obtained from the survey will be kept confidential and will only be reported in an aggregate format (by reporting only combined results and never reporting individual ones). All questionnaires will be anonymous and no one other than the primary investigator and promoter will have access to them.

There are no direct financial benefits to participants in this study. However, we hope that the information obtained from this study may be used to enhance entrepreneurs with a better understanding of the importance of market-driven strategies as a competitive tool to set their enterprises on competitive platform and assist them with the capability to outperform less market-oriented rivals. The phenomena of market-driven strategies and access to finance is a necessity for Lesotho due to the ever changing market environment which requires that target market is serve with superior value in products and services.

The results from this study will be presented in a thesis and possibly articles at a later stage. At no time, however, will your organisation's name be used or any identifying information revealed. If you wish to receive a copy of the results from this study, you may contact the researcher at the contact details given below.

If you require any information about this study, or would like to speak to the researcher or the promoter, please call Mr Donald Amadasun at +266 51742750 or e-mail: edesamas@yahoo.com or the promoter Professor Ashley Mutezo on +27 1242945595 at the University of South Africa. You may also contact the College Research Ethics Review Committee of the University of South Africa via email at uysm@unisa.ac.za

Thanking you in advance for your cooperation towards the issue of the letter of permission to carry out this survey.

Yours Sincerely,

A handwritten signature in black ink, appearing to be 'Donald Amadasun', with a stylized flourish at the end.

Donald Amadasun (Mr)

2. APPROVAL LETTER



OFFICE OF THE DIRECTOR OF MARKETING
MINISTRY OF SMALL BUSINESS DEVELOPMENT, COOPERATIVES AND MARKETING
P.O. BOX 747
MASERU 100, LESOTHO
Tel : +26622249000 Email : ljmakhate@gmail.com Cell : +266 58747458/62737362

15 August, 2017

Mr. Donald Amadasun
Limkwokwing University of Technology
Maseru 100, LESOTHO

Dear Sir/Madam

Approval of Mr. Donald Amadasun to Carry out a Survey in Butha Buthe, Leribe, Maseru and Mafeteng on his Market Driven Strategies on MSMEs Accessing Finance

The subject matter above refers.

The Ministry of Small Business Development, Cooperatives and Marketing (MSCM) is responsible for development and growth of MSMEs. It is also the desire of the ministry to work in partnership with private sector industries and the academic institutions in the development of MSMEs. It is also ideal to unlock any Market-Driven challenges, and open market driven opportunities for MSMEs to explore and grow. It is therefore, important to assist any research work that will enhance growth of the sector. It is therefore, granted that the Department of Marketing will assist Mr. Donald Amadasun in his research and any facilitate any linkages with relevant private sector and Lesotho Government stakeholders.

Yours Sincerely,

Lekhoee MAKHATE
Director of Marketing

APPENDIX C: SURVEY QUESTIONNAIRE

SCHOOL OF ECONOMIC AND MANAGEMENT SCIENCES

UNIVERSITY OF SOUTH AFRICA (UNISA)

QUESTIONNAIRE

Dear Respondent

This questionnaire is specifically designed purposely to determine the influence of market-driven strategies and access to finance on the competitive growth of SMEs in selected districts of Lesotho.

The questionnaire is to be completed by SMEs owners/managers in SMEs.

The questionnaire consists of 4 sections.

The questionnaire will take approximately 25 – 30 minutes to complete.

Please complete the questionnaire as honestly as possible.

The findings will be used strictly for research purposes. Therefore, you are not required to write names so as to guarantee the confidentiality of the expected responses.

Please kindly respond to all the questions, fill in the correct information and tick where appropriate.

Thank you.

SECTION A
DEMOGRAPHIC PROFILE

1.1 Gender

Male		Female	
------	--	--------	--

1.2 Nationality

Mosotho	
Other Africa national	

1.3 Type of Enterprise

Small Enterprise (6 – 20 employees)	
Medium Enterprise (21 – 50 employees)	

1.4 Age of your Enterprise

1 year	
2 years	
3 years	
4 years	
5 years	
More than 5 years	

1.5 Age of the entrepreneur or manager

25 to 29		40 to 44	
30 to 34		45 to 49	
35 to 39		50 and above	

1.6 What is your SME's sector classification?

Construction	
Hospitality, Tourism and Leisure	
Manufacturing	
Retail	
Service	

1.7 What is your role in the enterprise?

Manager	
Entrepreneur	

1.8 What is the highest education level attained as the Entrepreneur or Manager?

Primary School Certificate	
COSC/LGCSE (High School Certificate)	
College /University Certificate	
Diploma	
Bachelor Degree	
Post-graduate Degree	

1.9 Working Experience (Number of years in the enterprise)

Less than 1 year		7 – 8 years	
1 – 2 years		9 – 10 years	
3 – 4 years		Above 10 years	
5 – 6 year			

1.10 Location

Botha-Bothe Rural	
Botha-Bothe Town	
Leribe Rural	
Leribe Town	
Mafeteng Rural	
Mafeteng Town	
Maseru Rural	
Maseru Town	

SECTION B

CORE CONSTRUCTS OF MARKET-DRIVEN STRATEGIES

Please tick the appropriate number below:

Note:

- 1 = Strongly disagree
- 2 = Disagree
- 3 = Somewhat disagree
- 4 = Undecided
- 5 = Somewhat agree
- 6 = Agree
- 7 = Strongly agree

1. MARKET ORIENTATION

	Scale Items	1	2	3	4	5	6	7
	Our review indicates the likely effect of change in the competitive business environment (e.g. customer taste, fashion and preferences) on customers, hence.....							
1	The entrepreneur or manager's niche is to focus on customers' preferences.							
2	This offers the entrepreneur or manager a chance to try and create value for customers.							
3	The entrepreneur or manager's opportunity to make use of information that focuses on customer needs.							
4	The chance to be active most of the time when I use a strategy based on competitive advantage to understand my customers' needs.							
5	The chance to be responsible for customers planning means to study the underlying trends or patterns in customer dispositions.							
6	The way I see my major strength in the enterprise is my effective and efficient customer analysis.							
7	The chance to be of service is when the enterprise responds to negative customer satisfaction information.							
8	The chance to promote customer retention is to be kind to my customers through the offer of quality products and after-sales service.							

9	The way we see an objective condition in the enterprise is when we pursue a business strategy aimed at creating unique value for the customer.							
10	The chance to work as a team to involve salespersons in sharing competitor information.							
11	To serve customers dynamically we take advantage of targeted opportunities against our competitors' weaknesses.							
12	To maintain customers' loyalty when a major competitor launches a campaign targeted at our customers, we will take a counter response.							
13	We are always on the lookout for possible launches targeted at our customers by our competitors.							
14	We develop competitive strategies to counter competitors' actions aimed at our target customers.							
15	To maintain our customers' patronage, we target opportunities for competitive advantage.							

2. ENTREPRENEURIAL MARKETING

	Scale Items	1	2	3	4	5	6	7
	Our review indicates the likely effect of change in the product market (e.g. in customer taste, fashion, and preference) on customer, hence.....							
1	The chance to do an objective job is by setting customer satisfaction objectives as a focal priority.							
2	The opportunity to satisfy the target market by regularly analysing and tracking the needs of customers.							
3	To see objective results I must have the ability to measure customer satisfaction.							
4	The way I notice that I am doing a good job is when I regularly measure customers' satisfaction.							

3. COMPETITIVE INTENSITY

	Scale Items	1	2	3	4	5	6	7
1	Competition is highly intense in our business sector.							
2	Our enterprise finds it very hard to sustain its market share because of the competitive intensity.							
3	There are frequent competitive moves by enterprises that offer products similar to ours.							
4	Our enterprise finds it hard to regularly analyse the strengths and weaknesses of other enterprises that offer products similar to ours.							

4. TECHNOLOGICAL DYNAMICS

	Scale Items	1	2	3	4	5	6	7
1	There are high and latest technological innovations in the product market that my enterprise cannot compete with.							
2	There are opportunities created by technology, such as product design, production methods, process and product delivery we are yet to take advantage of.							
3	Actuality and novelty of technology are manifestations of a new product and service in the market that my enterprise cannot meet.							

SECTION C

CORE CONSTRUCTS OF ACCESS TO FINANCE

Please tick the appropriate number below:

Note:

- 1 = Strongly disagree
- 2 = Disagree
- 3 = Somewhat disagree
- 4 = Undecided
- 5 = Somewhat agree
- 6 = Agree
- 7 = Strongly agree

1. FINANCIAL INFORMATION ACCESS

	Scale Items	1	2	3	4	5	6	7
1	There is inadequate awareness of information on funding opportunities and programmes related to enterprises of my type in the banking sector.							
2	Our enterprise is not aware of agencies' provisions to SMEs to leverage access to bank financing.							
3	Our enterprise lacks the understanding of the obstacles and difficulties in accessing bank credit.							

2. BANK AND BUSINESS SUPPORT SERVICES

	Scale Items	1	2	3	4	5	6	7
1	There are inadequate policy initiatives and business services that support the SME sector in my district.							
2	There are inadequate support programmes and initiatives in my district designed to assist enterprises to access funding.							
3	There are inadequate financial schemes and funding programmes that support SMEs to access finance in my district.							

3. STRUCTURE OF BANK

	Scale Items	1	2	3	4	5	6	7
1	Low competition in the banking sector determines the price of financial products and level of access to finance.							
2	Direct competition exists in the banking sector that determines the prices of services to loan customers.							
3	The banking system regulatory structure has greater constraints that hardly favour SMEs' access to finance.							
4	Our enterprise lacks equity financing because of our legal status (ownership pattern)							
5	The enterprise hardly accessed venture finance to start the business on the ground of the ownership pattern.							

4. COLLATERAL REQUIREMENT

	Scale Items	1	2	3	4	5	6	7
1	Financial capability of the entrepreneur is a major collateral requirements before a loan is considered by the bank.							
2	Collateral requirements needed by bank are a major security in application for credit.							
3	Collateral requirements is a principal hindrance to enterprises accessing credit							
4	Credit rationing is a major constraint to applicants who have ever accessed credit and defaulted in any of the initial terms and conditions.							

SECTION D

COMPETITIVE GROWTH

Please tick the appropriate number below:

Note:

- 1 = Strongly disagree
- 2 = Disagree
- 3 = Somewhat disagree
- 4 = Undecided
- 5 = Somewhat agree
- 6 = Agree
- 7 = Strongly agree

COMPETITIVE GROWTH

	Scale items	1	2	3	4	5	6	7
1	Our enterprise finds it difficult to manage staff turnover because we are unable to compete favourably in our business environment.							
2	Despite our market efforts our enterprise finds it difficult to retain loyal customers.							
3	The sales growth of our business has not been increasing significantly in the past two years.							
4	Our enterprise has faced challenges to substantially grow its profit in the past two years.							

APPENDIX D:

CONFIDENTIALITY AGREEMENTS

1. CONFIDENTIALITY AGREEMENT: RESEARCH ASSISTANT



I, _____

--- the undersigned

of _____ of institute/bureau agree to assist Donald Osakpamwan Edes Amadasun (Mr) a PhD Candidate of UNISA in the College of Economic and Management Sciences in the collection of data from the districts (Butha-Buthe, Leribe, Mafeteng and Maseru) in Lesotho and on the topic: **THE INFLUENCE OF MARKET-DRIVEN STRATEGIES AND ACCESS TO FINANCE ON THE COMPETITIVE GROWTH OF SMEs IN SELECTED DISTRICTS OF LESOTHO** as part of the ethical clearance process.

I will, in the course of my duties as aforementioned, strictly observe the following conditions. This will certify that, during the survey exercise with the researcher:

1. I will administer the research tool (questionnaire) with caution and in line with the UNISA's research procedures.
2. I understand that I must get a full approval from the respondent (s) before the commencement of the survey and he/she reserves the right to withdraw from the study at any time without suffering any consequences.
3. During the survey, the research respondent (s) will not be pressurised in any manner and his/her dignity will be prioritise.
4. I will ensure that each respondent's privacy, anonymity and confidentiality are respected, guaranteed and protected; and any other form of communication done and related to the study survey is honest and transparent in line with the UNISA's research ethical guidelines. And
5. I will treat all information contained in the questionnaire in the strictest of confidence and will not reveal any of the information to any third party (with the exception of the researcher).

SIGNED AT Maseru on this day of 20.....

.....

SIGNATURE

2. CONFIDENTIALITY AGREEMENT: (STATISTICIAN)



This is to certify that I....., a statistician for the research project **“THE INFLUENCE OF MARKET-DRIVEN STRATEGIES AND ACCESS TO FINANCE ON COMPETITIVE GROWTH OF SMALL AND MEDIUM ENTERPRISES IN SELECTED**

DISTRICTS OF LESOTHO” agree to the responsibilities of the administration and collection of completed questionnaires from participants (and additional tasks the researcher(s) may require in my capacity as statistician).

I acknowledge that the research project is/are conducted by Donald Edes Osakpamwan Amadasun and Prof Ashley of the Department of Finance, Risk Management and Banking, University of South Africa.

I understand that any information (written, verbal or any other form) obtained during the performance of my duties must remain confidential and in line with the UNISA Policy on Research Ethics.

This includes all information about participants, their employees/their employers/their Organisation, as well as any other information.

I understand that any unauthorised release or carelessness in the handling of this confidential information is considered a breach of the duty to maintain confidentiality.

I further understand that any breach of the duty to maintain confidentiality could be grounds for immediate dismissal and/or possible liability in any legal action arising from such breach.

Full Name of statistician:

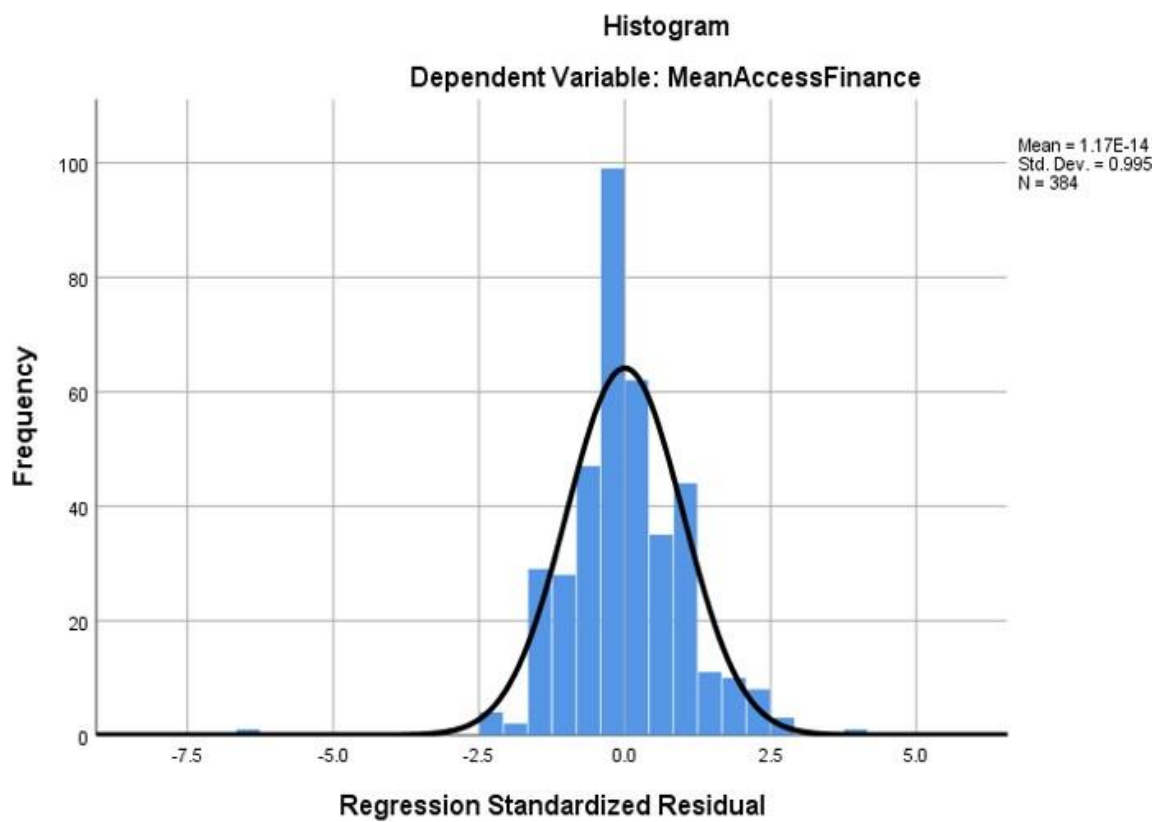
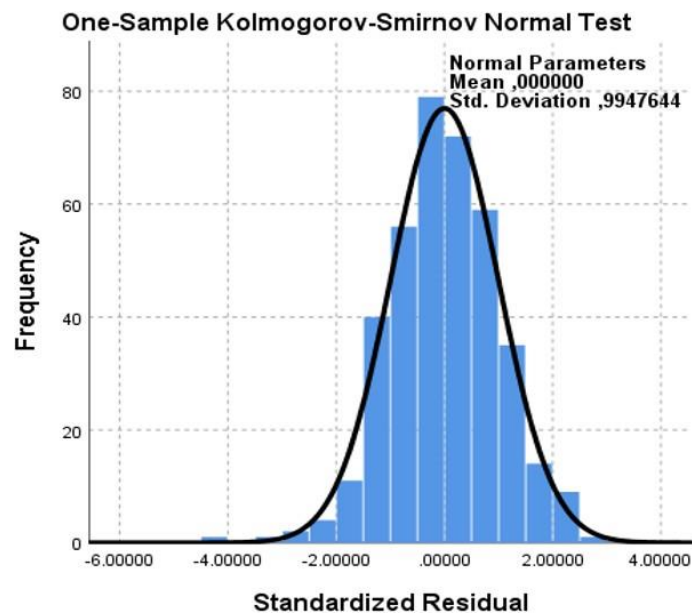
Signature of statistician: Date:

Full Name of Primary Researcher:

Signature of Primary Researcher: Date:

APPENDIX E: NORMALITY TESTS

MeanMDS



Homoscedasticity Tests

